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

DISCLOSEABLE TRANSACTION

DISPOSAL OF NOTES

THE DISPOSAL

During the period from 19 October 2021 to 20 October 2021 (both dates inclusive), the Group disposed of the Disposed Notes through a series of transactions in the over-the-counter market with an aggregate principal amount of US\$48,000,000 for an aggregate consideration of US\$18,307,050.10 (equivalent to approximately HK\$142,542,000) (excluding accrued interest) or US\$20,377,406.38 (equivalent to approximately HK\$158,663,000) (including accrued interest).

TAKEOVERS CODE IMPLICATIONS

As disclosed in the Joint Announcement, the Board received the Proposal from Solar Bright Ltd., being the offeror in the Proposal for the purpose of the Takeovers Code on 28 September 2021.

Pursuant to Rule 10 of and Practice Note 2 to the Takeovers Code, the Expected Realised Loss from the Disposal (defined below) disclosed in this announcement constitutes a profit forecast and will be reported on and the relevant reports from the Company's financial adviser and auditor or accountants will be contained in the next document to be sent to the Shareholders, which is expected to be the Scheme Document, in compliance with the requirements of Rule 10 of the Takeovers Code.

Pursuant to Rule 4 of the Takeovers Code, the Disposal constitutes a frustrating action of the Company under Rule 4 of the Takeovers Code, therefore it is subject to the Shareholders' approval in a general meeting of the Company unless a waiver has been obtained from the Executive. The Company has applied to the Executive for a waiver from the requirement under Rule 4 of the Takeovers Code and the Company understands that the Executive is minded to grant a waiver to the Company from the requirement to obtain the Shareholders'

approval in a general meeting of the Company for the Disposal pursuant to Note 1 to Rule 4 of the Takeovers Code.

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 exceeds 5% but is less than 25%, the Disposal 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.

THE DISPOSAL

During the period from 19 October 2021 to 20 October 2021 (both dates inclusive), the Group disposed of the Disposed Notes through a series of transactions in the over-the-counter market with an aggregate principal amount of US\$48,000,000 (equivalent to approximately HK\$373,738,000) for an aggregate consideration of US\$18,307,050.10 (equivalent to approximately HK\$142,542,000) (excluding accrued interest).

As it has been agreed that the buyers shall also pay to the respective Noteholders an amount equivalent to the notional interest on the relevant Disposed Notes calculated at the relevant coupon rate per annum on the relevant principal amount of the Disposed Notes based on the actual number of days elapsed from (and including) the respective last interest payment dates pursuant to the terms of the relevant Notes up to (but excluding) the settlement date of the relevant Disposal (subject to the coupon frequency and date count as specified in the terms and conditions of the relevant Notes), the total gross proceeds to be received by the Group for the Disposal (including the said accrued interest) is US\$20,377,406.38 (equivalent to approximately HK\$158,663,000).

Details of the consideration for the Disposal in relation to each of the Disposed Notes are as follows:

The Disposed Notes	Principal amount of the Disposed Notes (US\$)	Consideration (excluding accrued interest) (US\$)	Consideration (including accrued interest) (US\$)
9.375% Senior Notes due 2024	19,000,000	7,127,500.00	7,681,406.28
11.7% Senior Notes due 2025	29,000,000	11,179,550.10	12,696,000.10
Total:	<u>48,000,000</u>	<u>18,307,050.10</u>	<u>20,377,406.38</u>

The selling price under the Disposal represents the then prevailing market price of the Disposed Notes at the time of the relevant transactions. As the Disposal was made on the open market through licensed brokers, the information regarding the identity(ies) of the buyer(s) of the Disposed Notes and (if applicable) of their respective ultimate beneficial owner(s) and the principal business activities thereof 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 the Disposed Notes disposed by the Noteholders and their respective ultimate beneficial owner(s) are Independent Third Party(ies).

The settlement of the last batch of such Disposal is expected to take place on 22 October 2021.

INFORMATION OF THE ISSUER AND THE DISPOSED NOTES

The Issuer

The Issuer is Kaisa Group Holdings Ltd., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1638), and together with its subsidiaries are principally engaged in property development, property investment, property management, hotel and catering operations, cinema, department store and cultural centre operations, water-way passenger and cargo transportation, healthcare business and providing consulting services in the PRC. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Issuer and its ultimate beneficial owners are Independent Third Parties.

The Disposed Notes

Each of the Disposed Notes is denominated in US\$. Further particulars of the Disposed Notes are set out below:

The Disposed Notes	Total principal amount of the Notes held by the Group immediately prior to the Disposal	Total principal amount of the Notes held by the Group immediately after the Disposal	Interest rate	Listing venue	Maturity date
9.375% Senior Notes due 2024	US\$75,000,000	US\$56,000,000	9.375% per annum	Listed on SGX-ST and traded on over-the-counter market	30 June 2024
11.7% Senior Notes due 2025	US\$150,000,000	US\$121,000,000	11.7% per annum	Listed on SGX-ST and traded on over-the-counter market	11 November 2025

As at 30 June 2021, the aggregate unaudited carrying amount of the Disposed Notes was approximately HK\$351,325,000.

The net profits (both before and after taxation) attributable to the Disposed Notes for the two financial years ended 31 December 2019 and 2020 (no financial information attributable to 11.7% Senior Notes due 2025 as the subscription took place in 2021) are as follows:

	For the year ended 31 December 2019 <i>HK\$'000</i>	For the year ended 31 December 2020 <i>HK\$'000</i>
Net profit (before taxation)	51,573	13,355
Net profit (after taxation)	51,573	13,355

INFORMATION OF THE GROUP

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, and has in the ordinary and usual course of business conducted its securities investment activities for years.

INFORMATION OF THE NOTEHOLDERS

Ever Ideal Limited, being one of the Noteholders, is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company and its principal business is securities investment. The other Noteholder, Rapid Fix Limited, is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company and its principal business is securities investment.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal forms part of the securities investment activities of the Group and was conducted 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 and adjust, if needed, the overall strategy on its investment portfolio when the market conditions warrant.

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 was conducted on normal commercial terms which are fair and reasonable and 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\$225,885,000 in profit or loss for the year ending 31 December 2021 as a result of the Disposal (the “**Expected Realised Loss from the Disposal**”), subject to audit. The realised loss represents the difference between the consideration (excluding accrued interest) and the carrying amount of the Disposed Notes as at 31 December 2020 (comprising only the 9.375% Senior Notes due 2024) and the acquisition cost in 2021 (in relation only to the 11.7% Senior Notes due 2025) of the Disposed Notes.

The Company intends to use the proceeds from the Disposal for general working capital initially and for reinvestment when opportunities arise.

TAKEOVERS CODE IMPLICATIONS

As disclosed in the Joint Announcement, the Board received the Proposal from Solar Bright Ltd., being the offeror in the Proposal for the purpose of the Takeovers Code on 28 September 2021.

Pursuant to Rule 10 of the Takeovers Code, the Expected Realised Loss from the Disposal constitutes a profit forecast and is required to be repeated in full, together with the reports from the Company’s financial adviser and auditors or accountants on the said profit forecast, in the next document to be sent to the Shareholders in accordance with Rule 10.4 of the Takeovers Code. As additional time is required for the financial adviser and auditors or accountants of the Company to report on the Expected Realised Loss from the Disposal in compliance with the requirements of Rule 10 of the Takeovers Code, the Expected Realised Loss from the Disposal disclosed in this announcement does not meet the standard required by Rule 10 of the Takeovers Code. According to Practice Note 2 to the Takeovers Code on issues relating to profit forecasts under Rule 10 of the Takeovers Code, the Executive is prepared to permit publication of the Expected Realised Loss from the Disposal in this announcement without full compliance with Rule 10 of the Takeovers Code and the Expected Realised Loss from the Disposal will be reported on and the relevant reports will be contained in the next document to be sent to the Shareholders, which is expected to be the Scheme Document, in compliance with the requirements of Rule 10 of the Takeovers Code.

Pursuant to Rule 4 of the Takeovers Code, the Disposal constitutes a frustrating action of the Company under Rule 4 of the Takeovers Code, therefore it is subject to the Shareholders’ approval in a general meeting of the Company unless a waiver has been obtained from the Executive. In this regard, the Company has applied to the Executive for a waiver from the requirement under Rule 4 of the Takeovers Code on the basis that the Company has obtained the written consent from Solar Bright Ltd., being the offeror under the Proposal, in relation to the Disposal, and the Company understands that the Executive is minded to grant a waiver to the Company from the requirement to obtain the Shareholders’ approval in a general meeting of the Company for, among other things, the Disposal pursuant to Note 1 to Rule 4 of the Takeovers Code.

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 exceeds 5% but is less than 25%, the Disposal 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:-

“9.375% Senior Notes due 2024” US\$ denominated senior notes issued by Kaisa Group, bearing interest at the rate of 9.375% per annum, and with a maturity date of 30 June 2024;

“11.7% Senior Notes due 2025” US\$ denominated senior notes issued by Kaisa Group, bearing interest at the rate of 11.7% per annum, and with a maturity date of 11 November 2025;

“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 through a series of transactions between the period from 19 October 2021 to 20 October 2021 (both dates inclusive) in the over-the-counter market with an aggregate principal amount of US\$48,000,000 (equivalent to approximately HK\$373,738,000) for an aggregate consideration of US\$18,307,050.10 (equivalent to approximately HK\$142,542,000) (excluding accrued interest) or US\$20,377,406.38 (equivalent to approximately HK\$158,663,000) (including accrued interest);

“Disposed Notes” the 9.375% Senior Notes due 2024 in the principal amount of US\$19,000,000 (equivalent to approximately HK\$147,938,000) and the 11.7% Senior Notes due 2025 in the principal amount of US\$29,000,000 (equivalent to approximately HK\$225,800,000) disposed of by the Noteholders in the Disposal;

“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate thereof;
“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 PRC;
“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” or “Kaisa Group”	Kaisa Group Holdings Ltd., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1638), together with its subsidiaries are principally engaged in, among others, property development, property investment and property management in the PRC;
“Joint Announcement”	the joint announcement dated 6 October 2021 published jointly by Solar Bright Ltd. and the Company in relation to the Proposal;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Noteholders”	Ever Ideal Limited and Rapid Fix Limited, each a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company;
“Notes”	the 9.375% Senior Notes due 2024 and the 11.7% Senior Notes due 2025;
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, Macao Special Administrative Region of the PRC and Taiwan;
“Proposal”	the proposal for the privatisation of the Company by Solar Bright Ltd. as the offeror by way of a scheme of arrangement under Section 99 of the Companies Act of Bermuda, with details set out in the Joint Announcement;
“Scheme Document”	the scheme document to be jointly issued by Solar Bright Ltd. and the Company to the Shareholders in relation to the Proposal;
“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;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“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\$7.7862 for illustration purpose only.

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

Hong Kong, 21 October 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

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