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## **CHINESE ESTATES HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 127)

### **ANNOUNCEMENT PRICE SENSITIVE INFORMATION**

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that on 13 April 2010, Harbour Trade, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with, among other parties, Evergrande in connection with the subscription and purchase of the Relevant Additional Notes in the principal amount of US\$350 million, being part of the Additional Notes, on terms and conditions of the Subscription Agreement. Under the Subscription Agreement, the Relevant Additional Notes shall rank pari passu in all respects with the Existing Notes and shall have the same terms and conditions as the Existing Notes in all respects (or in all respects except for the issue date and issue price).

**The subscription and purchase of the Relevant Additional Notes are subject to completion. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

#### **INTRODUCTION**

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that on 13 April 2010, Harbour Trade, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with, among other parties, Evergrande in connection with the subscription and purchase of the Relevant Additional Notes in the principal amount of US\$350 million, being part of the Additional Notes, on terms and conditions of the Subscription Agreement. Under the Subscription Agreement, the Relevant Additional Notes shall rank pari passu in all respects with the Existing Notes and shall have the same terms and conditions as the Existing Notes in all respects (or in all respects except for the issue date and issue price).

To the best knowledge of the Directors, after reasonable enquiry, Evergrande and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

#### **PRINCIPAL TERMS OF THE RELEVANT ADDITIONAL NOTES**

##### ***Notes being subscribed for and purchased***

Subject to certain conditions to completion, the Company will subscribe for and purchase the Relevant Additional Notes in the principal amount of US\$350 million to be issued by Evergrande which will mature on 27 January 2015, unless earlier redeemed pursuant to the terms thereof.

### ***Subscription price***

The subscription price of the Relevant Additional Notes will be 100% of the principal amount of the Relevant Additional Notes, plus the interest accrued from and including 27 January 2010 (being the date of issue of the Existing Notes) up to and including the date immediately prior to the Closing Date on the principal amount of the Relevant Additional Notes (such interest amounting to approximately US\$9.98 million in accordance with the provisions of the Indenture).

### ***Interest***

The Relevant Additional Notes will bear interest at a rate of 13% per annum, payable semi-annually in arrears on 27 January and 27 July of each year, payment of which will commence on 27 July 2010.

### ***Ranking of the Additional Notes***

The Relevant Additional Notes will be issued by Evergrande pursuant to the Indenture, as supplemented by a supplemental indenture to be dated as of the Closing Date in respect of the Relevant Additional Notes among Evergrande, the Subsidiary Guarantors and Citicorp International Limited as trustee to reflect, among other things, the inclusion of the Relevant Additional Notes as general obligations of Evergrande and the guarantee by the Subsidiary Guarantors on a senior basis of the due and punctual payment of all amounts payable under the Relevant Additional Notes, including principal, premium, if any, and interest on the Relevant Additional Notes.

The Additional Notes will be consolidated and form a single class with the Existing Notes and vote together as one class on all matters with respect to the Additional Notes and the Existing Notes. Upon issuance, the Additional Notes shall rank *pari passu* in all respects with the Existing Notes and shall have the same terms and conditions (including without limitation the benefit of the guarantees provided by the Subsidiary Guarantors and the JV Subsidiary Guarantors, if any, and the share charges or other collateral provided by certain Subsidiary Guarantors as designated under the Indenture) as the Existing Notes in all respects (or in all respects except for the issue date and issue price), and will carry all rights as the Existing Notes and will rank (1) at least *pari passu* in right of payment against Evergrande with respect to all other unsecured, unsubordinated indebtedness of Evergrande (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law), (2) senior in right of payment to any existing and future obligations of Evergrande expressly subordinated in right of payment to the Relevant Additional Notes, (3) effectively subordinated to the other secured obligations (if any) of Evergrande, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor, and (4) effectively subordinated to all existing and future obligations of the subsidiaries of Evergrande which are not providing guarantees under the Relevant Additional Notes.

### **Security**

In connection with the issue of the Relevant Additional Notes, with effect from the Closing Date, certain Subsidiary Guarantors designated under the Indenture will provide certain share charges to secure, among other things, the Additional Notes and the obligations of Evergrande under the Indenture in favour of Citicorp International Limited for the benefit of itself and the holders of the Additional Notes and the Existing Notes. Such share charges will rank *pari passu* and equally in all respects with the security interest and lien granted to the holders of the Existing Notes.

### **Closing Date**

Subject to certain conditions to completion, it is currently expected that closing of the issue and subscription of the Relevant Additional Notes will take place on 16 April 2010.

### **Listing of Additional Notes on SGX-ST**

Under the Subscription Agreement, Evergrande will procure that the Additional Notes be listed or admitted to trading on the SGX-ST as a single series with the Existing Notes not later than the first trading day immediately after the Closing Date.

In the event that, among other things, the Additional Notes are not listed on the SGX-ST on or before the first trading day immediately after the Closing Date for whatever reasons, or the Additional Notes are not listed or admitted to trading on SGX-ST as a single series with the Existing Notes for whatever reasons, then the parties to the Subscription Agreement shall as soon as practicable thereafter do all such acts and things and execute all such documents as may be necessary or desirable to unravel and unwind the issue of the Additional Notes and all the transactions contemplated under the Subscription Agreement and (as far as possible) restore the parties thereto to their original position as if the Subscription Agreement had not been entered into, including without limitation the payment by Evergrande to Harbour Trade of the entire amount of the subscription price mentioned above.

## **REASON FOR THE SUBSCRIPTION AND PURCHASE**

The Group is principally engaged in property investment and development, brokerage, securities investment, money lending, and cosmetics distribution and trading and has in the ordinary and usual course of business conducted its listed securities' investment activities for years.

The Board considers that the subscription and purchase of the high-yield Relevant Additional Notes will provide the Group with an exceptional opportunity to enhance investment income during the prevailing low-interest environment. Further, the Board also takes into consideration the profile of Evergrande in its development of quality residential property projects and its operational model of managing its various projects in different cities across China. The Group intends to fund the subscription and purchase by internal resources. The Group would also consider to sell all or part of the Relevant Additional Notes as and when it is considered appropriate in the future.

## **GENERAL**

**The subscription and purchase of the Relevant Additional Notes are subject to completion. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

## **DEFINITIONS**

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

<b>“Additional Notes”</b>	the additional 13% senior notes of Evergrande due 2015 in the aggregate principal amount of US\$600 million which Harbour Trade and other subscriber(s) agreed to subscribe for;
<b>“Board”</b>	the board of Directors;
<b>“Closing Date”</b>	date of closing of the issue and subscription of the Relevant Additional Notes pursuant to the Subscription Agreement;
<b>“Company”</b>	Chinese Estates Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
<b>“connected person”</b>	has the meaning ascribed thereto under the Listing Rules;
<b>“Director(s)”</b>	the director(s) of the Company;
<b>“Evergrande”</b>	Evergrande Real Estate Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange;
<b>“Existing Notes”</b>	the 13% senior notes due 2015 in the aggregate principal amount of US\$750 million issued by Evergrande, which is listed on the SGX-ST, details of which are set out in the announcement of Evergrande dated 22 January 2010;

<b>“Group”</b>	the Company and its subsidiaries;
<b>“Harbour Trade”</b>	Harbour Trade Limited, a wholly-owned subsidiary of the Company;
<b>“Indenture”</b>	the indenture dated as of 27 January 2010 as amended and supplemented by a first supplemental indenture dated as of 26 March 2010 in respect of the Existing Notes;
<b>“JV Subsidiary Guarantors”</b>	certain subsidiaries of Evergrande (subject to re-designation from time to time according to the Indenture) which provide certain limited guarantees of the punctual payment of all amounts payable under the Additional Notes, the Existing Notes and the Indenture;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Relevant Additional Notes”</b>	the additional 13% senior notes of Evergrande due 2015 in the aggregate principal amount of US\$350 million, being part of the Additional Notes, which Harbour Trade agreed to subscribe for pursuant to the Subscription Agreement;
<b>“SGX-ST”</b>	Singapore Exchange Securities Trading Limited;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Subscription Agreement”</b>	the subscription agreement dated 13 April 2010 and entered into by Harbour Trade with, among others, Evergrande;
<b>“Subsidiary Guarantors”</b>	certain subsidiaries of Evergrande (subject to re-designation from time to time according to the Indenture) which guarantee the punctual payment of all amounts payable under the Additional Notes, the Existing Notes and the Indenture; and
<b>“US\$”</b>	the lawful currency of the United States of America.

By order of the Board  
**Lam, Kwong-wai**  
*Company Secretary*

Hong Kong, 14 April 2010

*As at the date of this announcement, the Board comprised Mr. Joseph Lau, Luen-hung as Executive Director, 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>*