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CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

INSIDE INFORMATION ANNOUNCEMENT PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that based on the information currently available to the Management, it is expected that the Group may record a significant decline in the revenue and may record a consolidated net loss attributable to the owners of the Company for the six months ended 30 June 2015 as compared with the revenue of HK\$1,241 million and the consolidated net profit attributable to the owners of the Company of HK\$2,447 million for the six months ended 30 June 2014.

The Company is in the process of finalising the Group's interim results for the six months ended 30 June 2015. The information contained in this announcement is only based on a preliminary assessment by the Management on the unaudited consolidated management accounts of the Group and is not based on any figures or information that have been audited or reviewed by the Company's auditors, and may be subject to amendments. Details of the Group's financial information will be disclosed in the forthcoming interim results announcement which is expected to be published on or about 18 August 2015.

The Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company and, in case of doubt, to seek independent advice from professional or financial advisers.

This announcement is made by Chinese Estates Holdings Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "**SFO**").

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the information currently available to the management of the Company (the “**Management**”), it is expected that the Group may record a significant decline in the revenue and may record a consolidated net loss attributable to the owners of the Company for the six months ended 30 June 2015 as compared with the revenue of HK\$1,241 million and the consolidated net profit attributable to the owners of the Company of HK\$2,447 million for the six months ended 30 June 2014.

The decline in the revenue and the result of a loss were primarily due to the following reasons:-

- (1) disposal of Silvercord property (the “**Silvercord Disposal**”). Subsequent to the completion of the Silvercord Disposal in January 2015, contribution of rental income from Silvercord property was significantly lowered, as a result, the Group’s rental revenue and net rental income for the six months ended 30 June 2015 decreased by approximately 20% to 30% and 20% to 30% respectively when compared to that for the corresponding period in 2014. In addition, as stated in Note 13(a) to the Consolidated Financial Statements of the Company’s 2014 annual report, upon completion of the Silvercord Disposal, the Group recorded a loss on disposal of subsidiaries of approximately HK\$97.2 million. The loss was mainly derived from the increase in fair value of the investment properties of HK\$93.2 million (which was recognised as fair value gain in the year 2014) due to revaluation of the investment properties as at 31 December 2014;
- (2) no dividend income from the Group’s investee company. In the first half of 2014, attributable property sale profit recognised was approximately HK\$478.7 million, including sale of The Coronation in West Kowloon (15% interest) which contributed approximately HK\$389.9 million to the investment income upon recognition of dividend income. However, no similar dividend income was received during the first half of 2015 from the Group’s investee company;
- (3) decline in sale of trading properties. It is expected that the net profit on trading properties of the Company’s subsidiaries or associates being recognised in the first half of 2015 was reduced as compared with that for the corresponding period in 2014; and
- (4) loss in the fair value changes on investment properties. The Group’s investment properties were revalued as at 30 June 2015 and a loss in fair value changes may be recorded for the six months ended 30 June 2015 as compared with the fair value as at 31 December 2014. The decline in fair value in the first half of 2015 was mainly due to a decrease in fair value of the retail properties in Hong Kong as a result of rental rates of certain retail business sectors have shown indications of reaching their peaks, as expected by the Company and stated under the heading “Prospects” in the Chairman’s Statement of the Company’s 2014 annual report. In the first half of 2014, a gain in fair value changes on investment properties of approximately HK\$1,420 million was recorded. The fair value change is a non-cash item and will not affect the cash flow of the Group.

Despite the expected decline in revenue and a loss may be reported for the first half of 2015, the Board considers that the overall operation of the Group as a whole remains sound and intact, and the financial position of the Group remains solid.

The Company is in the process of finalising the Group’s interim results for the six months ended 30 June 2015. The information contained in this announcement is only based on a preliminary assessment by the Management on the unaudited consolidated management accounts of the Group and is not based on any figures or information that have been audited or reviewed by the Company’s auditors, and may be subject to amendments. Details of the Group’s financial information will be disclosed in the forthcoming interim results announcement which is expected to be published on or about 18 August 2015.

The Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company and, in case of doubt, to seek independent advice from professional or financial advisers.

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

Hong Kong, 7 August 2015

As at the date of this announcement, the Board comprised Mr. Lau, Ming-wai, Ms. Chan Lok-wan, Ms. Chan, Sze-wan and Mr. Lam, Kwong-wai as Executive Directors, Ms. Amy Lau, Yuk-wai as Non-executive Director, 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>