CHEUK NANG (HOLDINGS) LIMITED
卓能（集團）有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 131)

POSITIVE PROFIT ALERT

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance ("SFO").

The board of Directors (the "Board") of Cheuk Nang (Holdings) Limited (the "Company") wishes to inform the shareholders of the Company and potential investors that the Company together with its subsidiaries (the "Group") is expected to record a substantial increase in profit attributable to the owners of the Company for the year ended 30 June 2018 as compared to that for the year ended 30 June 2017. Based on the preliminary financial information, the Group's revenue and gross profit for the year ended 30 June 2018 (approximately HK$68.4 million and HK$44.6 million respectively) decreased substantially as compared to those for the year ended 30 June 2017 (approximately HK$1,682.8 million and HK$1,250.4 million respectively); while the Group recorded substantial increase in change in fair value of the Group's investment properties (for the year ended 30 June 2018: approximately HK$1,131.5 million, for the year ended 30 June 2017: approximately HK$74.2 million. The expected increase in profit attributable to the owners of the Company for the year ended 30 June 2018 is mainly due to reduction in income tax expenses (for the year ended 30 June 2018: approximately HK$437.1 million, for the year ended 30 June 2017: approximately HK$747.9 million) but offset by decrease in the sum of gross profit and change in fair value of the Group's investment properties (for the year ended 30 June 2018: approximately HK$1,176.1 million, for the year ended 30 June 2017: HK$1,324.6 million). The decrease in revenue and gross profit and the increase in the fair value of investment properties were the result of the classification of properties under development for sale in Shenzhen to investment properties for rental income.

The information contained in this announcement is only a preliminary assessment by the management of the Company which is based on the management accounts with reference to the information currently available. The Group's results of the Company for the year ended 30 June 2018 have not been finalized. Shareholders of the Company and potential investors should read the Group's results announcement for the year ended 30 June 2018 carefully, which is expected to be published on 24 September 2018.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By Order of the Board
CHEUK NANG (HOLDINGS) LIMITED
Ho Sau Fun Connie
Company Secretary

Hong Kong, 21 September 2018

As at the date of this announcement, the Executive Directors are Dr. Chao Sze Tsung Cecil (Chairman), Ms. Chao Gigi (Vice Chairman), Mr. Yung Philip and Ms. Ho Sau Fun Connie; the Non-executive Directors are Mr. Chao Howard and Mr. Lee Ding Yue Joseph and the Independent Non-executive Directors are Dr. Sun Ping Hsu Samson, Mr. Ting Woo Shou Kenneth and Mr. Lam Ka Wai Graham.