CHEUK NANG (HOLDINGS) LIMITED

卓能(集團)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 131)

PROFIT WARNING

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board of the Company wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a substantial decrease in profit attributable to the owners of the Company for the six months ended 31 December 2018 as compared to that for the six months ended 31 December 2017.

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

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 decrease in profit attributable to the owners of the Company for the six months ended 31 December 2018 as compared to the profit for the six months ended 31 December 2017. The expected decrease in profit attributable to the owners of the Company for the six months ended 31 December 2018 is mainly due to the change of fair value of the Group's investment properties (for the six months ended 31 December 2018: approximately HK$338.3 million; for the six months ended 31 December 2017: HK$984.2 million), but offset by the reduction in income tax expenses (for the six months ended 31 December 2018: approximately HK$256.0 million; for the six months ended 31 December 2017 HK$451.5 million). The substantial decrease in the fair value change of investment properties was the result of the change of properties under development for sale in Shenzhen to investment properties to earn rental income during the six months ended 31 December 2017 whilst no similar transaction occurred during the period of the six months ended 31 December 2018.

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 interim results of the Company for the six months ended 31 December 2018 have not been finalized. Shareholders of the Company and potential investors should read the Group's interim results announcement for the six months ended 31 December 2018, which is expected to be published on 27 February 2019, carefully.

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, 20 February 2019

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.