

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 decline in the Revenue ranging from 31% to 41% and a decrease in the Profit ranging from 17% to 27% for the Year, as compared with the revenue of HK\$844 million and the consolidated net profit attributable to owners of the Company of HK\$1,015 million for the year ended 31 December 2018. In addition, the Group may record an expense in the Other Comprehensive Expenses in respect of unrealised loss on fair value change of the Evergrande Shares of approximately HK\$1.6 billion for the Year.

The Company is in the process of finalising the Group's final results for the Year. The information contained in this announcement is only based on a preliminary assessment made 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 final results announcement which is expected to be published in March 2020.

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 decline in the revenue (the “**Revenue**”) ranging from 31% to 41% and a decrease in the consolidated net profit attributable to owners of the Company (the “**Profit**”) ranging from 17% to 27% for the year ended 31 December 2019 (the “**Year**”), as compared with the revenue of HK\$844 million and the consolidated net profit attributable to owners of the Company of HK\$1,015 million for the year ended 31 December 2018.

Following are a number of reasons which led to the decline in the Revenue and the decrease in the Profit:-

- (1) No sale of trading properties during the Year. In 2018, the Group recorded HK\$274 million in the Revenue and the contributed attributable profit (including attributable profit from associates and an investee company) of HK\$183 million.
- (2) Net profit from investments and treasury products at fair value through profit or loss. The Group has in the ordinary and usual course of business conducted its securities investment activities for years. During the Year, based on the preliminary assessment, it is expected that the Group would record a net profit of approximately HK\$1.8 billion from the segment of investments and treasury products at fair value through profit or loss as compared with a net loss of HK\$711 million in 2018. Net profit (loss) from the segment of investments and treasury products at fair value through profit or loss includes realised gain (loss) on disposals; unrealised gain (loss) on changes in fair values; and net income from interest income, other net investment income and net finance costs. The result of a net profit was mainly attributable to, among others, the unrealised gain on fair value changes of bonds of approximately HK\$1.0 billion (2018: unrealised loss of HK\$1.3 billion) and realised gain on disposals of bonds of approximately HK\$184 million (2018: realised loss of HK\$20 million) for the Year. The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.
- (3) No dividend income from listed equity investments at fair value through other comprehensive income during the Year. In 2018, the Group recorded a net dividend income of HK\$1.1 billion (after transaction costs) from the shares of China Evergrande Group (stock code: 3333) (the “**Evergrande Shares**”) held by the Group.
- (4) Loss on fair value changes on investment properties. The Group’s investment properties were revalued as at 31 December 2019 and loss on fair value changes of approximately HK\$743 million (2018: gain of HK\$122 million) would be recorded for the Year as compared with the fair value as at 31 December 2018. The loss on fair value changes for the Year was mainly derived from the decrease in fair value of investment properties located in the United Kingdom. The fair value change is a non-cash item and will not affect the cash flow of the Group.
- (5) Impairment loss of goodwill. The Group recognised a full impairment loss of goodwill of approximately HK\$323 million (2018: nil) attributable to the cash-generating unit operated in the United Kingdom for the Year, which includes an investment property in the United Kingdom. Recognition of impairment loss is a non-cash item and will not affect the cash flow of the Group.

In addition to the decline in the Revenue and the decrease in the Profit which constitute profit warning and inside information of this announcement, the Group may record an expense in the consolidated other comprehensive expenses (the “**Other Comprehensive Expenses**”) for the Year. Reference is made to the Company’s announcement dated 3 January 2020, it is expected that the Group would record an other comprehensive expense for the Year which represented unrealised loss on fair value change of the Evergrande Shares of approximately HK\$1.6 billion (2018: HK\$3.1 billion). The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

The Company is in the process of finalising the Group's final results for the Year. The information contained in this announcement is only based on a preliminary assessment made 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 final results announcement which is expected to be published in March 2020.

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, 11 March 2020

As at the date of this announcement, the Board comprised Ms. Chan, Sze-wan, 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.

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