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CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

INSIDE INFORMATION ANNOUNCEMENT POSITIVE PROFIT ALERT

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 an increase in the Revenue ranging from 5% to 15% and the Profit ranging from HK\$1,040 million to HK\$1,270 million for the Year, as compared with the revenue of HK\$1,300 million and the consolidated net loss attributable to owners of the Company of HK\$3,515 million for the year ended 31 December 2021.

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, nor reviewed by the audit committee, 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 2023.

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 (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited 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 an increase in the revenue (the “**Revenue**”) ranging from 5% to 15% and a consolidated net profit attributable to owners of the Company (the “**Profit**”) ranging from HK\$1,040 million to HK\$1,270 million for the year ended 31 December 2022 (the “**Year**”), as compared with the revenue of HK\$1,300 million and the consolidated net loss attributable to owners of the Company of HK\$3,515 million for the year ended 31 December 2021.

Following are the main reasons which led to the increase in the Revenue and resulted in the Profit:-

- (1) Increase in the Revenue and the profit derived from dividend income from an unlisted equity security (the “**Investee Company**”). During the Year, the Group recognised dividend income of HK\$1,014 million (2021: nil) from the Investee Company, holding a property development project in Hong Kong (10% interest). Following the recognition of sales and profits by the Investee Company, the Investee Company declared dividends and hence contributed revenue and profit to the Group upon recognition of such dividend income. On the other hand, the carrying amount of the Investee Company (classified as financial assets measured at fair value through other comprehensive income (“**FVTOCI**”)) would decrease by the corresponding amount upon declaration of dividends, and the Group would recognise the decrease as loss in other comprehensive income/expense during the Year.
- (2) Fair value changes on investment properties turned from loss to gain. The Group’s investment properties were revalued as at 31 December 2022 and gain on fair value changes of approximately HK\$528 million (2021: loss of HK\$1,377 million) would be recorded for the Year as compared with the fair value as at 31 December 2021. The gain on fair value changes for the Year was mainly derived from the increase in fair value of investment properties located in the United Kingdom and a redevelopment property located in Hong Kong. The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.
- (3) Decrease in net loss from securities investments and treasury products. The loss mainly comprised realised gain (loss), unrealised losses and interest/dividend income of securities investments and treasury products. During the Year, the Group disposed of certain securities investments and treasury products at fair value through profit or loss (“**FVTPL**”) (the “**Disposal**”) which mainly comprised equity securities listed in Hong Kong or elsewhere, bonds and structured products. It is estimated that a realised gain from the Disposal of approximately HK\$28 million (2021: realised loss of HK\$1,498 million) and unrealised loss on the fair value changes of approximately HK\$318 million (2021: HK\$948 million) would be recognised in profit or loss for the Year. However, the Group recorded decrease in interest/dividend income, consisted of interest/dividend income from securities investments and treasury products at FVTPL of approximately HK\$30 million (2021: HK\$327 million) and no dividend income from listed equity investment at FVTOCI (2021: HK\$157 million).

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, nor reviewed by the audit committee, 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 2023.

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, 27 February 2023

As at the date of this announcement, the Board comprised 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: <https://www.chineseestates.com>