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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 substantial decrease in both the Revenue ranging from 72% to 82% and the Profit ranging from 78% to 88% for the Period, as compared with the revenue of HK\$1,181 million and the consolidated net profit attributable to owners of the Company of HK\$871 million for the six months ended 30 June 2022.

The Company is in the process of finalising the Group's interim results for the Period. 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 interim results announcement which is expected to be published in August 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 substantial decrease in both the revenue (the “**Revenue**”) ranging from 72% to 82% and consolidated net profit attributable to owners of the Company (the “**Profit**”) ranging from 78% to 88% for the six months ended 30 June 2023 (the “**Period**”), as compared with the revenue of HK\$1,181 million and the consolidated net profit attributable to owners of the Company of HK\$871 million for the six months ended 30 June 2022.

Following are the main reasons which led to the substantial decrease in the Revenue and the Profit:-

- (1) Decrease in the Revenue and the Profit derived from decrease in dividend income from an unlisted equity security (the “**Investee Company**”). During the Period, the Group recognised dividend income of HK\$36 million (2022: HK\$950 million) from the Investee Company, holding a property development project in Hong Kong (10% interest).
- (2) Increase in finance costs. As a result of the surge in interest rates, finance costs almost doubled from approximately HK\$55 million to HK\$109 million during the Period.
- (3) Results of investments and treasury products at fair value through profit or loss (“**FVTPL**”) turning from loss to profit. The profit/loss mainly comprised realised gain, unrealised loss and interest/dividend income of securities investments and treasury products. During the Period, the Group disposed of certain securities investments and treasury products at FVTPL (the “**Disposal**”) which mainly comprised equity securities listed in Hong Kong or elsewhere, bonds and structured products. It is estimated that realised gain from the Disposal of approximately HK\$58 million (2022: HK\$25 million) and unrealised loss on the fair value changes of approximately HK\$56 million (2022: HK\$213 million) would be recognised in profit or loss for the Period. 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\$8 million (2022: HK\$17 million).
- (4) Increase in gain on fair value changes of investment properties. The Group’s investment properties were revalued as at 30 June 2023 and gain on fair value changes of approximately HK\$191 million (2022: HK\$104 million) would be recorded for the Period as compared with the fair value as at 31 December 2022. The gain on fair value changes for the Period was mainly derived from the increase in fair value of a redevelopment property located in the United Kingdom. The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

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**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  
**Mak, Kai-ye**  
*Company Secretary*

Hong Kong, 2 August 2023

*As at the date of this announcement, the Board comprised Ms. Chan, Hoi-wan and Ms. Chan, Lok-wan as Executive Directors, Mr. Lau, Ming-wai and Ms. Amy Lau, Yuk-wai as Non-executive Directors, and Mr. Chan, Kwok-wai, Mr. Leung, Yun-fai, Ms. Phillis Loh, Lai-ping and Mr. Ma, Tsz-chun as Independent Non-executive Directors.*

*Website: <https://www.chineseestates.com>*