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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 a substantial decline in the Revenue ranging from 47% to 57% and the Profit ranging from HK\$802 million to HK\$887 million for the Period, as compared with the revenue of HK\$560 million and the consolidated net loss attributable to the owners of the Company of HK\$364 million for the six months ended 30th June, 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\$1.33 billion for the Period.

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, and may be subject to amendments. Details of the Group's financial information will be disclosed in the forthcoming interim results announcement which will be published on 2nd August, 2019.

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 substantial decline in the revenue (the “**Revenue**”) ranging from 47% to 57% and a consolidated net profit attributable to the owners of the Company (the “**Profit**”) ranging from HK\$802 million to HK\$887 million for the six months ended 30th June, 2019 (the “**Period**”), as compared with the revenue of HK\$560 million and the consolidated net loss attributable to the owners of the Company of HK\$364 million for the six months ended 30th June, 2018.

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

- (1) No sale of trading properties during the Period as compared with HK\$274 million recorded in the Revenue and the contributed attributable profit (including share of results of associates) of HK\$129 million in the first half of 2018.
- (2) Net profit from listed investments and treasury products at fair value through profit or loss. The Group has in the ordinary and normal course of business conducted its securities investment activities for years. During the Period, based on the preliminary assessment, it is expected that the Group would record a net profit of approximately HK\$1.2 billion from the segment of listed investments and treasury products at fair value through profit or loss as compared with a net loss of HK\$584 million for the first half of 2018. Net profit (loss) from the segment of listed 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\$811 million (2018: unrealised loss of HK\$868 million) and realised gain on disposals of bonds of approximately HK\$77 million (2018: realised loss of HK\$5 million) for the Period. The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.
- (3) Increase in loss on fair value changes on investment properties. The Group’s investment properties were revalued as at 30th June, 2019 and loss on fair value changes of approximately HK\$427 million (2018: HK\$23 million) would be recorded for the Period as compared with the fair value as at 31st December, 2018. The loss on fair value changes for the Period was mainly derived from 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.

The result of Profit constitutes positive profit alert and inside information of this announcement, nevertheless there is substantial decline in the Revenue. In addition, the Group may record an expense in the consolidated other comprehensive expenses (the “**Other Comprehensive Expenses**”) for the Period. Reference is made to the Company’s announcement dated 3rd July, 2019 (the “**July Announcement**”), it is expected that the Group would record an other comprehensive expense for the Period which represented unrealised loss on fair value change of the Evergrande Shares (as defined in the July Announcement) of approximately HK\$1.33 billion (2018: HK\$5.96 billion). 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
Lam, Kwong-wai
Executive Director and Company Secretary

Hong Kong, 26th July, 2019

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>