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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 a substantial decline in the Revenue ranging from 58% to 68% and the Loss below HK\$40 million for the Period, as compared with the revenue of HK\$1,965 million (as reclassified) and the consolidated net profit attributable to owners of the Company of HK\$786 million for the six months ended 30 June 2020. 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\$4.11 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, 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 2021.

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 (the "**Stock Exchange**") 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 58% to 68% and a consolidated net loss attributable to owners of the Company (the “**Loss**”) below HK\$40 million for the six months ended 30 June 2021 (the “**Period**”), as compared with the revenue of HK\$1,965 million (as reclassified) and the consolidated net profit attributable to owners of the Company of HK\$786 million for the six months ended 30 June 2020.

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

- (1) Decrease in the Revenue and the profit derived from dividend income from listed and unlisted equity investments. During the Period, the Group recorded dividend income of approximately HK\$157 million (2020: HK\$1,357 million) from the shares of China Evergrande Group, listed on the Stock Exchange (stock code: 3333) (“**China Evergrande**”) (the “**Evergrande Shares**”), held by the Group that was recorded in the Revenue. Dividend income for the Period represented 2020 final dividend (2020: 2018 final dividend) from the Evergrande Shares, the decrease was mainly due to the decrease in both China Evergrande’s profit attributable to the shareholders and its dividend payout ratio (year 2020 versus year 2018).
- (2) Decrease in other income. During the Period, the amount of dilapidations settlement received from tenants in respect of investment properties in the United Kingdom is minimal (2020: surrender premium and dilapidations settlement in aggregate of HK\$250 million, mainly represented the amount received in respect of an anchor tenant of an investment property in the United Kingdom surrendered the lease in the first half of year 2020 which was an one-off item).
- (3) Decrease in loss on fair value changes on investment properties. The Group’s investment properties were revalued as at 30 June 2021 and loss on fair value changes of approximately HK\$123 million (2020: HK\$426 million) would be recorded for the Period as compared with the fair value as at 31 December 2020. The fair value change is a non-cash item and will not affect the cash flow of the Group.

The substantial decline in the Revenue and the Loss constitute profit warning and inside information of this announcement. 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 7 July 2021, 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 of approximately HK\$4.11 billion (2020: HK\$1.38 billion). The Group believes that the decrease in share price of China Evergrande for the Period, among others, was owing to a decline in profitability and reduced dividend payout ratio of China Evergrande, and the tightening gearing policy over the real estate developers in the People’s Republic of China. 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, 4 August 2021

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