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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 increase in the Revenue ranging from 58% to 68% and the Profit ranging from HK\$780 million to HK\$960 million for the Period, as compared with the revenue of HK\$726 million and the consolidated net loss attributable to owners of the Company of HK\$37 million for the six months ended 30 June 2021.

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 on or around 17 August 2022.

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 a substantial increase in the revenue (the “**Revenue**”) ranging from 58% to 68% and a consolidated net profit attributable to owners of the Company (the “**Profit**”) ranging from HK\$780 million to HK\$960 million for the six months ended 30 June 2022 (the “**Period**”), as compared with the revenue of HK\$726 million and the consolidated net loss attributable to owners of the Company of HK\$37 million for the six months ended 30 June 2021.

Following are the main reasons which led to the substantial 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 Period, the Group recognised a dividend income of HK\$950 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 dividend 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 dividend, and the Group would recognise the decrease as loss in other comprehensive income/expense during the Period.
- (2) Fair value changes on investment properties turned from loss to gain. The Group’s investment properties were revalued as at 30 June 2022 and gain on fair value changes of approximately HK\$104 million (2021: loss of HK\$123 million) would be recorded for the Period as compared with the fair value as at 31 December 2021. The gain on fair value changes for the Period was mainly derived from the increase in fair value of investment properties 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.
- (3) Results in securities investments and treasury products turned from profit to loss. The loss mainly comprised realised gain, unrealised losses and interest/dividend income of securities investments and treasury products. During the Period, 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 net realised gain from the Disposal of approximately HK\$25 million (2021: HK\$173 million) and net unrealised loss on the fair value changes of approximately HK\$213 million (2021: HK\$411 million) would be recognised in profit or loss for the Period. The Group also recorded decrease in interest/dividend income, consisted of interest/dividend income from securities investments and treasury products at FVTPL of approximately HK\$17 million (2021: HK\$205 million) and no dividend income from listed equity investment at FVTOCI (2021: HK\$157 million).

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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, 8 August 2022

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>