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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 decline of approximately 65% to 75% in the revenue and a decrease of approximately 40% to 50% in the consolidated net profit attributable to the owners of the Company for the six months ended 30 June 2014 as compared with the revenue of HK\$4,325 million and the consolidated net profit attributable to the owners of the Company of HK\$4,468 million for the six months ended 30 June 2013.

The Company is in the process of finalising the Group's interim results for the six months ended 30 June 2014. The information contained in this announcement is only based on a preliminary assessment by the Management of 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 is expected to be published by the end of August 2014.

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 decline of approximately 65% to 75% in the revenue and a decrease of approximately 40% to 50% in the consolidated net profit attributable to the owners of the Company for the six months ended 30 June 2014 as compared with the revenue of HK\$4,325 million and the consolidated net profit attributable to the owners of the Company of HK\$4,468 million for the six months ended 30 June 2013.

The decline in the revenue and the decrease in the profit were primarily due to the following reasons:

- (1) according to the Group’s accounting policies, revenue and profit from properties developed for sale are recognised upon completion of sales agreement and by reference to the timing of the execution of deed of legal assignment or delivery of property to the purchaser, whichever is earlier. The Group’s development projects, mainly One WanChai in Wanchai (which was completed in early 2013) and Phase II of Splendid City in Chengdu (which was completed in December 2012), contributed substantial revenue (HK\$2,350 million and HK\$913 million respectively) and attributable profit (HK\$871 million and HK\$333 million respectively) to the Group in the first half of 2013. In the first half of 2014, no development project was completed, hence no significant revenue or attributable profits from development projects were recorded; and
- (2) the Group’s investment properties were revalued as at 30 June 2014 and recorded a significant decline of approximately HK\$1,310 million or 48% in the fair value gain on investment properties for the six months ended 30 June 2014 as compared with the corresponding period of HK\$2,730 million in 2013. The decline was mainly due to a 7.1% increase in fair value gain in the first half of 2013 while there was a 3.4% increase in fair value gain in the first half of 2014. The fair value change is a non-cash item and will not affect the cash flow of the Group.

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By order of the Board
Lam, Kwong-wai
Executive Director and Company Secretary

Hong Kong, 8 August 2014

As at the date of this announcement, the Board comprised Mr. Lau, Ming-wai, Ms. Chan, Sze-wan, Mr. Lam, Kwong-wai and Ms. Lui, Lai-kwan as Executive Directors, Ms. Amy Lau, Yuk-wai as Non-executive Director, 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>