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CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

VOLUNTARY ANNOUNCEMENT REALISED AND UNREALISED GAIN/LOSS ON SECURITIES INVESTMENTS

The Board announces that the Group has in the ordinary and normal course of business conducted its securities investment activities for years. During the Year, the Group had disposed of certain listed securities investments and treasury products, as a result, certain gain or loss would be recognised in the consolidated statement of comprehensive income for the Year. The Group had completed the SJB Shares Disposal in the Year and would record a gain attributable from the SJB Shares including the realised gain on fair value change of the SJB Shares of approximately HK\$2.1 billion which would be recorded as an other comprehensive income and the net dividend income (after-expenses and withholding tax) of approximately HK\$146.7 million which would be recognised in profit/loss within the consolidated statement of comprehensive income for the Year. During the Year, the Group has acquired the Evergrande Shares and the Evergrande Shares were recorded as Financial Assets measured at FVTOCI. Based on the preliminary assessment on the closing market price of the Evergrande Shares as at 29th December, 2017 (being the last trading day in the Year), it is expected that an unrealised gain on fair value change of approximately HK\$9.9 billion would be recorded as an other comprehensive income for the Year. In addition, the Group had disposed of certain other listed securities investments and treasury products (other than the SJB Shares) in the Year, as a result, a realised gain of approximately HK\$227.0 million would be recognised in profit/loss within the consolidated statement of comprehensive income for the Year. Unrealised gain/loss on fair value changes of the remaining listed securities investments and treasury products (other than the Evergrande Shares) and the net income/expenses from dividend, interest income/expenses, other investment income/expenses for the Year will be disclosed in the announcement of final results for the Year upon finalisation of such figures.

Shareholders of the Company and potential investors should note that the final results of the Group for the Year are subject to audit, and are advised to exercise caution when dealing in the shares of the Company.

Chinese Estates Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) are principally engaged in property investment and development, brokerage, securities investment, money lending and cosmetics distribution and trading.

The board of directors of the Company (the “**Board**”) announces that the Group has in the ordinary and normal course of business conducted its securities investment activities for years and for the year ended 31st December, 2017 (the “**Year**”), the Group had disposed of 577,180,500 H shares of Shengjing Bank Co., Ltd. (stock code: 2066) (the “**SJB Shares**”), acquired 857,541,000 shares of China Evergrande Group (stock code: 3333) (“**China Evergrande**”) (the “**Evergrande Shares**”) and disposed of certain other listed securities investments and treasury products (other than the SJB Shares) which comprised bonds. As a result, it is estimated that certain gain or loss would be recognised in the consolidated statement of comprehensive income for the Year.

Disposal of the SJB Shares

As disclosed in the announcement of the Company dated 23rd June, 2017 and the interim report of the Company for the six months ended 30th June, 2017, the Group had completed the disposal of a subsidiary (the “**SJB Shares Disposal**”) which held the SJB Shares (that were recorded as financial assets measured at fair value through other comprehensive income (the “**Financial Assets measured at FVTOCI**”)) in the Year. The Group would record a gain attributable from the SJB Shares including the realised gain on fair value change of the SJB Shares of approximately HK\$2.1 billion which would be recorded as an other comprehensive income and the net dividend income (after-expenses and withholding tax) of approximately HK\$146.7 million which would be recognised in profit/loss within the consolidated statement of comprehensive income for the Year.

Acquisition of the Evergrande Shares

During the Year, the Group has acquired 857,541,000 shares of China Evergrande at a total consideration (including transaction costs) of approximately HK\$13.2 billion and the Evergrande Shares were recorded as Financial Assets measured at FVTOCI. Based on the preliminary assessment on the closing market price of the Evergrande Shares as at 29th December, 2017 (being the last trading day in the Year), it is expected that an unrealised gain on fair value change of approximately HK\$9.9 billion would be recorded as an other comprehensive income for the Year. The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

Other listed securities investments

Other than the SJB Shares, the Group had disposed of certain other listed securities investments and treasury products (the “**Disposal**”), which comprised bonds in the Year. As a result of the Disposal, it is estimated that a realised gain of approximately HK\$227.0 million would be recognised in profit/loss within the consolidated statement of comprehensive income for the Year.

Unrealised gain/loss on fair value changes of the remaining listed securities investments and treasury products (other than the Evergrande Shares) and the net income/expenses from dividend, interest income/expenses, other investment income/expenses for the Year will be disclosed in the announcement of final results for the Year upon finalisation of such figures.

Shareholders of the Company and potential investors should note that the final results of the Group for the Year are subject to audit, and are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 2nd January, 2018

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>