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CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

VOLUNTARY ANNOUNCEMENT REALISED AND UNREALISED 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. As at 30th June, 2018, the Group held a total of 857,541,000 shares of China Evergrande representing approximately 6.5% of the total issued share capital of China Evergrande as at 3rd July, 2018 (being the latest date which the total number of issued shares of China Evergrande is publicly available, at the time when the Company making this announcement) and the Evergrande Shares were recorded as the Financial Assets measured at FVTOCI. Based on the preliminary assessment on the closing market price of the Evergrande Shares as at 29th June, 2018 (being the last trading day in the Period), it is expected that an unrealised loss on fair value change of approximately HK\$5.9 billion would be recorded as an other comprehensive expense for the Period. The cumulative unrealised gain on fair value change of the Evergrande Shares was reduced from HK\$9.9 billion at the end of year 2017 to approximately HK\$4.0 billion as at 30th June, 2018, which was recorded in the Financial Assets measured at FVTOCI reserve. In the first half of 2018, the Group disposed of certain listed securities investments and treasury products which comprised bonds, as a result, it is estimated that a realised loss of approximately HK\$4.6 million would be recognised in profit/loss within the consolidated statement of comprehensive income for the Period. Unrealised loss on fair value changes of the remaining listed securities investments and treasury products (other than the Evergrande Shares) for the Period was estimated to be approximately HK\$0.9 billion; and the net income/expenses from interest income/expenses and other investment income/expenses from the listed securities investments and treasury products in the first half of 2018 will be disclosed in the announcement of interim results for the Period upon finalisation of such figures.

Shareholders of the Company 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.

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 six months ended 30th June, 2018 (the “**Period**”), the Group disposed of certain listed securities investments and treasury products 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 Period.

The Evergrande Shares

As at 30th June, 2018, the Group held a total of 857,541,000 shares of China Evergrande Group (stock code: 3333) (“**China Evergrande**”) (the “**Evergrande Shares**”) representing approximately 6.5% of the total issued share capital of China Evergrande as at 3rd July, 2018 (being the latest date which the total number of issued shares of China Evergrande is publicly available, at the time when the Company making this announcement) and the Evergrande Shares were recorded as financial assets measured at fair value through other comprehensive income (the “**Financial Assets measured at FVTOCI**”). Based on the preliminary assessment on the closing market price of the Evergrande Shares as at 29th June, 2018 (being the last trading day in the Period), it is expected that an unrealised loss on fair value change of approximately HK\$5.9 billion would be recorded as an other comprehensive expense for the Period.

During the year ended 31st December, 2017, the Group had acquired 857,541,000 shares of China Evergrande at a total consideration (including transaction costs) of HK\$13.2 billion. After adding the unrealised fair value gain of HK\$9.9 billion, the carrying amount as at 31st December, 2017 was HK\$23.1 billion. There was no purchase or disposal of the Evergrande Shares during the Period. The cumulative unrealised gain on fair value change of the Evergrande Shares was reduced from HK\$9.9 billion at the end of year 2017 to approximately HK\$4.0 billion as at 30th June, 2018, which was recorded in the Financial Assets measured at FVTOCI reserve. The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

Other listed securities investments and treasury products

In the first half of 2018, the Group disposed of certain listed securities investments and treasury products (the “**Disposal**”), which comprised bonds. As a result of the Disposal, it is estimated that a realised loss of approximately HK\$4.6 million would be recognised in profit/loss within the consolidated statement of comprehensive income for the Period.

Unrealised loss on fair value changes of the remaining listed securities investments and treasury products (other than the Evergrande Shares) which comprised bonds for the Period was estimated to be approximately HK\$0.9 billion; and the net income/expenses from interest income/expenses and other investment income/expenses from the listed securities investments and treasury products in the first half of 2018 will be disclosed in the announcement of interim results for the Period upon finalisation of such figures.

Shareholders of the Company 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, 3rd July, 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>