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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

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 usual course of business conducted its securities investment activities for years and during the year ended 31 December 2019 (the “**Year**”), the Group disposed of certain securities investments and treasury products. Remaining securities investments and treasury products as at 31 December 2019 have been revalued to their fair values at that date. As a result, it is estimated that certain realised and unrealised gain or loss, interest income/expenses and other investment income/expenses, would be recognised in the consolidated statement of comprehensive income for the Year.

The Evergrande Shares

As at 31 December 2019, the Group’s portfolio of listed equity investments mainly comprised shares of China Evergrande Group (stock code: 3333) (the “**Evergrande Shares**”) 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 31 December 2019, it is expected that an unrealised loss on fair value change of approximately HK\$1.6 billion would be recorded as other comprehensive expense for the Year. Accordingly, the cumulative unrealised gain on fair value change of the Evergrande Shares was reduced from HK\$6.6 billion at the end of year 2018 to approximately HK\$5.0 billion as at 31 December 2019, 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.

During the Year, the Group did not recognised any dividend income from the Evergrande Shares.

Other securities investments and treasury products

During the Year, the Group disposed of certain securities investments and treasury products (other than the Financial Assets measured at FVTOCI) (the “**Disposal**”) which mainly comprised bonds. As a result of the Disposal, it is estimated that a net realised gain of approximately HK\$183.5 million would be recognised in profit or loss for the Year.

Based on the preliminary assessment of the estimated quoted prices of the remaining securities investments and treasury products (other than the Financial Assets measured at FVTOCI) which mainly comprised bonds, the net unrealised gain on the fair value changes for the Year was estimated to be approximately HK\$1.0 billion and would be recognised in profit or loss for the Year. Further, the Group’s net income/expenses from interest income/expenses and other investment income/expenses from the securities investments and treasury products 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 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, 3 January 2020

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>