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CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

VOLUNTARY ANNOUNCEMENT REALISED AND UNREALISED GAIN/LOSS AND DIVIDEND INCOME 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 2020 (the “**Year**”), the Group disposed of certain securities investments and treasury products. Remaining securities investments and treasury products as at 31 December 2020 have been revalued to their fair values at that date. As a result, it is estimated that certain realised and unrealised gain or loss, net dividend income, 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 2020, the Group’s portfolio of listed equity investments 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 2020, it is expected that an unrealised loss on fair value change of approximately HK\$5.76 billion would be recorded as other comprehensive expense for the Year. Accordingly, the cumulative unrealised gain on fair value change of the Evergrande Shares of HK\$4.98 billion at the end of year 2019 turned to unrealised loss on fair value change of approximately HK\$0.78 billion as at 31 December 2020, 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 recognised net dividend income (after-expenses) from the Evergrande Shares of approximately HK\$1.97 billion in profit or loss for the Year.

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 equity securities, bonds (including bonds sold to Ms. Chan, Hoi-wan pursuant to the agreement entered into on 29 January 2020 and details of the transaction were set out in the announcement of the Company dated 29 January 2020 and the circular of the Company dated 28 February 2020) and structured products. As a result of the Disposal, it is estimated that a net realised loss of approximately HK\$0.41 billion would be recognised in profit or loss for the Year and gain of approximately HK\$0.21 billion would be recognised in contribution reserve for the Year.

Based on the preliminary assessment of the quoted prices and estimated fair values of the remaining securities investments and treasury products (other than the Financial Assets measured at FVTOCI) which mainly comprised equity securities, bonds and structured products, the unrealised gain/loss on the fair value changes recognised in profit or loss for the Year would be minimal. Further, the Group’s net income/expenses from net dividend income (other than net dividend income from the Evergrande Shares as mentioned above), 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, 6 January 2021

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>