

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 substantial decline in the Revenue ranging from 52% to 62% and the Loss ranging from HK\$3.20 billion to HK\$3.80 billion for the Year, as compared with the revenue of HK\$3.04 billion and the consolidated net profit attributable to owners of the Company of HK\$0.62 billion for the year ended 31 December 2020. In addition, the Group may record an expense in the Other Comprehensive Expenses in respect of realised and unrealised losses on fair value change of the Evergrande Shares of approximately HK\$10.92 billion for the Year.

The Company is in the process of finalising the Group's final results for the Year. The information contained in this announcement is only based on a preliminary assessment made by the Management on 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, nor reviewed by the audit committee, and may be subject to amendments. Details of the Group's financial information will be disclosed in the forthcoming final results announcement which is expected to be published on 21 March 2022.

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 (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") 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 substantial decline in the revenue (the “**Revenue**”) ranging from 52% to 62% and a consolidated net loss attributable to owners of the Company (the “**Loss**”) ranging from HK\$3.20 billion to HK\$3.80 billion for the year ended 31 December 2021 (the “**Year**”), as compared with the revenue of HK\$3.04 billion and the consolidated net profit attributable to owners of the Company of HK\$0.62 billion for the year ended 31 December 2020.

Following are a number of reasons which led to the substantial decline in the Revenue and resulted in the Loss:-

- (1) Decrease in the Revenue and the profit derived from dividend income from listed and unlisted equity investments. During the Year, the Group recorded dividend income of approximately HK\$0.16 billion (2020: HK\$1.97 billion) from the shares of China Evergrande Group (listed on the Stock Exchange) (stock code: 3333) (“**China Evergrande**”) (the “**Evergrande Shares**”), held by the Group that was recorded in the Revenue. Dividend income for the Year represented 2020 final dividend (2020: 2019 and 2018 final dividends) from the Evergrande Shares, the decrease was mainly due to the decrease in both China Evergrande’s profit attributable to the shareholders and its dividend payout ratio (year 2020 was less than respective year 2019 and year 2018).
- (2) Results in the segment of investments and treasury products at fair value through profit or loss (“**FVTPL**”) turned from profit to loss. The loss mainly comprised realised and unrealised losses of securities investments and treasury products recorded as financial assets measured at FVTPL. During the Year, the Group disposed of certain securities investments and treasury products (the “**Disposal**”) which mainly comprised equity securities, bonds and structured products. As a result of the Disposal, it is estimated that a net realised loss of approximately HK\$1.50 billion (2020: HK\$0.41 billion) would be recognised in profit or loss for the Year. In addition, net unrealised loss on the fair value changes on the remaining securities investments and treasury products for the Year would be estimated to be approximately HK\$0.95 billion (2020: minimal unrealised gain) and recognised in profit or loss for the Year.
- (3) Decrease in other income. During the Year, the amount of dilapidations settlement received from tenants in respect of investment properties in the United Kingdom is minimal (2020: surrender premium and dilapidations settlement in aggregate of HK\$0.25 billion, mainly represented the amount received in respect of an anchor tenant of an investment property in the United Kingdom surrendered the lease in the year 2020 which was an one-off item).

The substantial decline in the Revenue and the Loss constitute profit warning and inside information of this announcement. In addition, the Group may record an expense in the consolidated other comprehensive expenses (the “**Other Comprehensive Expenses**”) for the Year. Reference is made to the Company’s announcement dated 7 January 2022, it is expected that the Group would record an other comprehensive expense of approximately HK\$10.92 billion for the Year, which represented realised loss and unrealised loss on fair value change of the Evergrande Shares of approximately HK\$7.87 billion (inclusive of transaction costs) and approximately HK\$3.05 billion respectively. The Group believes that the decrease in share price of China Evergrande for the Year, among others, was owing to liquidity and going concern issues, decline in profitability and reduced dividend payout ratio of China Evergrande, and the tightening gearing policy over the real estate developers in the People’s Republic of China. Realised gain/loss on fair value change is a cash item while unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

The Company is in the process of finalising the Group’s final results for the Year. The information contained in this announcement is only based on a preliminary assessment made by the Management on 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, nor

reviewed by the audit committee, and may be subject to amendments. Details of the Group's financial information will be disclosed in the forthcoming final results announcement which is expected to be published on 21 March 2022.

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.

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

Hong Kong, 14 March 2022

As at the date of this announcement, the Board comprised 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>