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沪港联合

HONG KONG SHANGHAI ALLIANCE HOLDINGS LIMITED

滬港聯合控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1001)

PROFIT WARNING

This announcement is made by Hong Kong Shanghai Alliance Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

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 preliminary review of the Group’s unaudited consolidated management accounts for the six months ended 30th September 2020 (the “**Period**”), notwithstanding the impact of the coronavirus disease 2019 (“**COVID-19 pandemic**”) the Group remained profitable for the Period. However, the profit attributable to owners of the Company is expected to record a decline to a range within HK\$0.3 million to HK\$1.0 million for the Period as compared to HK\$2.5 million in the same period last year.

The expected decline in profit attributable to owners of the Company is mainly due to the fact that there was a fair value gain of the Group’s investment properties, net of tax, of approximately HK\$27.5 million in the same period last year, while a minimal fair value loss, net of tax, of approximately HK\$2.8 million was recorded in the Period.

Although demand for office leasing in Shanghai is progressively regaining its momentum with the COVID-19 pandemic largely under control in Mainland China, the short-term uncertainties in the Period have suppressed both market occupancy and rent rate in Shanghai. As a result, based on the preliminary valuation

report issued by an independent international property valuer, the carrying amount of one of the Group's investment properties was reduced to approximately HK\$1,371.3 million (equivalent to approximately RMB1,205.0 million) as at 30th September 2020, resulted in a minimal fair value loss.

As the Group's investment properties are held as medium to long-term investments for stable and recurring income, the expected decline will not have material impact on the Group's operating cash flow.

During the Period, to cope with the challenging business environment and minimise the impact of COVID-19 pandemic, the Group continues to closely monitor its operating costs to preserve working capital, improve both organisational structure and processes for streamlining the operation, closely monitor the procurement and turnover of inventories, develop effective leasing strategy and strengthen its liquidity, for maintaining the Group's competitive advantages. Excluding the fair value changes of the investment properties, the Group's core business segments, including Construction Materials Business, Building and Design Solutions Business and Property Investment and Project Management Business remain profitable in the Period, which partially offset the adverse impact arising from the change in fair value of the Group's investment properties.

The information contained in this announcement has not been reviewed or audited by the Company's auditors and is only based on the Board's preliminary review of the unaudited consolidated management accounts of the Group for the Period. The Group is still in the course of finalising its accounts which are subject to further review and assessment by the Board and the Company's auditors. Therefore, the Group's results for the Period may be different from the information as set out in this announcement. The interim results of the Group for the Period will be published by the Company within the timeframe stipulated under the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

On behalf of the Board
Hong Kong Shanghai Alliance Holdings Limited
Yao Cho Fai Andrew
Chairman

Hong Kong, 13th November 2020

As at the date of this announcement, the Board comprises Mr. Yao Cho Fai Andrew and Mr. Lau Chi Chiu (being the executive directors); Mr. Tam King Ching Kenny, Mr. Xu Lin Bao, Mr. Yeung Wing Sun Mike and Mr. Li Yinquan (being the independent non-executive directors).