



華人置業集團

CHINESE ESTATES HOLDINGS LIMITED

Annual Results 2010 of Chinese Estates

Core Profit Increased 33% to HK\$1.9 Billion

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Satisfactory Sales Performance and Rental Growth

Financial Highlights

	<i>(For the year ended 31st December)</i>		
	2010 <i>HK\$m</i>	2009 <i>HK\$m</i>	Change
Revenue	2,671.0	2,151.3	+24.2%
Core profit	1,890.7	1,417.3	+33.4%
Core earnings per share	HK98.2 cents	HK71.0 cents	+38.3%
Interim dividend per share	HK0 cent	HK2.0 cents	
Final dividend per share	HK1.0 cent	HK1.0 cent	
Special dividend per share	HK40.0 cents	HK63.0cents	
Share repurchase per share	HK27.8 cents	HK72.8 cents	
Share repurchase and Total Dividend	HK68.8 cents	HK138.8 cents	
As a percentage of core profit	70%	195%	--

(23rd March, 2011 – Hong Kong) **Chinese Estates Holdings Limited** (“Chinese Estates” or the “Group”; stock code: 0127) is pleased to announce today its annual results for the year ended 31st December, 2010 (the “Year”). The Group’s loss attributable to owners of the Company for the Year was HK\$8,858.2 million. The loss for the Year was mainly due to the fair value loss on investment properties. If the net loss on the major non-cash items are excluded, the Group recorded a core profit of HK\$1,890.7 million (year ended 31st December, 2009: HK\$1,417.3 million) and a core earnings per share of HK98.2 cents (year ended 31st December, 2009: HK71.0 cents), an increase of 33.4% and 38.3% over 2009 respectively.

Revenue for the Year amounted to HK\$2,671.0 million (year ended 31st December, 2009: HK\$2,151.3 million), an 24.2% increase over last year. The increase was mainly due to recording of revenue of sales proceeds recognised from York Place, i-home and Phase I of Splendid City in Chengdu.

In September 2010, the Company had paid a special dividend of HK40 cents per share or approximately HK\$763.0 million to shareholders, which represents 40.7% of the core profit for the Year of HK98.2 cents per share or approximately HK\$1,890.7 million. As such, the Board considers that proposal for final dividend for the Year is not required. However, in order to maintain a continuous dividend payment record, the Board has recommended the payment of a nominal final dividend of HK1 cent per share for the Year (the "Final Dividend") (2009: HK1 cent).

Mr. Joseph Lau, Chairman, CEO and Executive Director of the Group, commented on the performance of 2010 annual results, "We are pleased to announce that we have recorded increased core profit and maintained revenue growth. The increase of revenue was supported by the satisfactory sales results of development projects and the rental income growth of investment properties."

Property Investment in Hong Kong

Rentals from investment properties continued to be one of the main sources of the Group's income.

The Group's overall gross rental growth was 11.17% with rental income of HK\$1,126.3 million for the Year as compared with last year. The rental income from Hong Kong retail portion showed an upward momentum with 18.96% growth while the non-retail portion maintained stable performance. The increase in gross rental income is mainly attributable to the completion of Windsor House's renovation works in May 2010 and the opening of The ONE in October 2010. Retail rents were generally raised due to the increase in tenants' business turnover benefited from the continuous growth of Mainland China tourists' spending and the improved local consumption.

Retail Properties

The overall occupancy rate of the Group's retail portfolio was 88.11% during the Year excluding the renovation area of Windsor House and Silvercord. The occupancy rate achieved 90.12% if non-core properties are excluded. The satisfactory occupancy rate is attributable to the prime locations of the majority of the Group's retail properties.

During the Year, the Group has disposed the retail shops of Excelsior Plaza (include Laforet), Southorn Centre (also known as Wanchai Computer Centre) and York Place.

The average occupancy rate of the shops of Causeway Place was approximately 95.38% during the Year.

The renovation works of Windsor House were completed in May 2010. The overall rental income of Windsor House was raised 7.43% for the Year as compared with last year due to the revamped Windsor House provides shoppers a cozy shopping environment with a diversified trade mix. As at 31st December, 2010, its occupancy rate was approximately 91.66% excluding renovation area.

As for Silvercord, the overall rental income was raised 10.04% for the Year as compared with last year and its average occupancy rate was approximately 93.94% during the Year excluding the renovation area. The rental income, occupancy rate, tenant mix and traffic flow of Silvercord have been enhanced after its renovation and repackaging in 2007.

The ONE has been grand opened on 29th October, 2010 subsequent to the completion of redevelopment of the former Tung Ying Building in July 2010. It is a 29-storey integrated shopping, entertainment and food and beverage complex with more than 400,000 square feet of retail spaces. At present, The ONE is the tallest retail complex of its kind in Hong Kong and is one of the landmark shopping arcades in Tsim Sha Tsui. Around 95.17% of shops were leased out as of 31st December, 2010 with some of them are well-known brand names.

Office Properties

The occupancy rate for the Group's office properties maintained at a satisfactory level. During the Year, the average occupancy rates of Windsor House, MassMutual Tower and Harcourt House were approximately 85.86%, 97.35% and 83.64% respectively, bringing the approximate occupancy rate of the overall office portfolio to 89.21%.

Future Plans for Property Investment

In order to further refine the configuration of the retail shops and restaurants at basement to third floor of Silvercord, improvement works have been carried out from August 2010 to February 2011.

There were a number of successful examples in the past shows that Chinese Estates possesses the expertise of upgrading the quality, in terms of tenant mix, traffic flow as well as the rental income of its existing shopping malls through renovation and repackaging. The Group will review its property portfolio from time to time and continue to improve the value of its properties.

Property Development in Hong Kong

In general, the Group's development projects have been progressing satisfactorily and the sales have been achieving pleasing results.

York Place is a high-end residential tower located in prime area of Wanchai, having 94 units with flat size ranging from gross floor area of approximately 576 square feet to 2,037 square feet. As at 31st December, 2010, 90 units were sold, representing 95.74% of total units.

i-home is a joint venture project with the Urban Renewal Authority located in Tai Kok Tsui. It provides a single residential tower block comprises 182 units with flat size ranging from gross floor area of approximately 462 square feet to 1,182 square feet. As at 31st December, 2010, 181 units were sold, representing 99.45% of total units.

MOD 595 is another joint venture project with the Urban Renewal Authority located in Mongkok. It provides a single residential tower block comprises 85 units with flat size ranging from gross floor area of approximately 483 square feet to 1,188 square feet. 98.82% of total units (i.e. 1 unit remaining) were sold up to 31st December, 2010.

The Hermitage (25% interest), is one of the Group's joint venture development projects in West Kowloon Reclamation Area. Its interior fitting work is in progress. The Hermitage will comprise 6 residential tower blocks, which provides in aggregate 964 residential units and retail properties with a total gross floor area of around 1,095,980 square feet. Completion of the whole project is scheduled to early 2011. Since its launch commenced in June 2010, 915 units were presold up to 31st December, 2010, representing 94.92% of total units.

Future Plans for Property Development

Sun Fair Mansions, 12 Shiu Fai Terrace, located in Mid-Levels East, is a traditional prestigious location for luxury residential project in Hong Kong. A luxury residential tower which provides a total residential gross floor area of around 41,020 square feet will be redeveloped. Site formation work is in progress. Completion of the project is scheduled to mid 2013 and its launching is scheduled for the first quarter of 2012.

The Zenith (87.5% interest) is a two-phase redevelopment project at Tai Yuen Street, Wanchai undertaken with the Urban Renewal Authority. All residential units of Phase I were sold. Phase II will be a residential/commercial complex development with total gross floor area of approximately 159,700 square feet, provides in aggregate 237 residential units and retail properties. Redevelopment work with preservation of the core elements of Wanchai Market and superstructure work are in progress. Completion of Phase II is scheduled for end 2012 and it is expected to be launched in 2011.

No. 55 Conduit Road (70% interest), a residential site in Mid-Levels with site area about 36,000 square feet which provides a total residential gross floor area of around 87,800 square feet. This site will be developed into a luxury residential project. The first phase of the site formation work has been completed. Piling works and the associated substructure works are in progress. The project is expected to be launched in the third quarter of 2012.

Another West Kowloon - joint venture development project is located at the junction of Hoi Wang Road, Yan Cheung Road and Yau Cheung Road (15% interest). Its substructure work is in progress. 6 residential tower blocks, which provide in aggregate 740 residential units and retail properties with a total gross floor area of around 650,600 square feet, will be developed. Completion of the whole project is scheduled to mid 2012. Its launching is scheduled for the first half of 2011.

Macau Property Development

The Group is planned to develop the site at Avenida Wai Long, Taipa, Macau (70.01% interest) into a high-end residential project with a total gross floor area of approximately 5,786,242 square feet (excluding basement car park). It will comprise 26 residential tower blocks and will be developed in phases. Phase I development is being implemented and its site formation work commenced in May 2010. The launching of Phase I development is scheduled for the second quarter of 2011.

Property Investment in Mainland China

The average occupancy rate of the 79 retail outlets with a total area of approximately 29,000 square feet in Lowu Commercial Plaza, Shenzhen was 98.14% for the Year.

Evergo Tower, located at Central Huaihai Road in Shanghai, is a 21-storey office and shopping complex and has a gross floor area of around 263,708 square feet. The average occupancy rates of the office and retail spaces for the Year were 83% and 64.35% respectively.

Platinum (50% interest), a 20-storey Grade A office building located at Taicang Road of Luwan District in Shanghai, has a gross floor area of about 466,464 square feet. The occupancy rate as of 31st December, 2010 was approximately 97.87%. The Group's interest in Platinum had increased from 30% to 50% in June 2010.

Hilton Beijing (50% interest), having 503 rooms, average occupancy rate was approximately 72.43% for the Year.

Oriental Place (50% interest), a 10-storey office building next to Hilton Beijing, average occupancy rate was approximately 96.61% for the Year.

Property Development in Mainland China

Splendid City, a residential and commercial project located at Yingbin Road of Jinniu District in Chengdu, has a site area of approximately 795,625 square feet and a corresponding gross floor area of approximately 3.74 million square feet. It will comprise 19 residential tower blocks with a commercial building and will be developed in phases. Phase I of Splendid City will provide in aggregate 1,226 residential units with flat size ranging from gross floor area of approximately 854 square feet to 1,812 square feet and a commercial building with gross floor area of approximately 272,740 square feet. Phase I has been completed in November 2010 and the residential units have been handed over to individual purchasers. As at 31st December, 2010, 1,191 units of Phase I were sold, representing 97.15%. Phase II of Splendid City will provide in aggregate 1,625 residential units with flat size ranging from gross floor area of approximately 854 square feet to 1,812 square feet. It is under superstructure construction and expected to be completed in mid 2012.

The Metropolis is a residential project located at Dongda Street of Jinjiang District in Chengdu, with site area of approximately 194,411 square feet and corresponding gross floor area of approximately 1.65 million square feet. It will comprise 6 residential tower blocks and will be developed in phases. Phase I of The Metropolis will provide 572 units with flat size ranging from gross floor area of approximately 704 square feet to 2,692 square feet. It is under superstructure construction and expected to be completed in end 2012. Since its first sales launch of Phase I commenced in December 2010, 91 units (i.e. 15.91%) were presold up to 31st December, 2010.

Chinese Estates Plaza, a commercial and residential project at South Taisheng Road of Qingyang District in Chengdu, has a site area of about 404,267 square feet with a development scale of 3.2 million square feet. It will comprise a Grade A office building, a five stars hotel, a shopping centre and 4 residential tower blocks. Substructure construction works are in progress. Completion of the commercial and residential portions are scheduled for end 2013 and end 2014 respectively.

The commercial and residential project at Huaxinjie Street of Jiangbei District in Chongqing (25% interest), has a site area of around 2,207,546 square feet and a gross floor area of approximately 11.08 million square feet. The land was handed over in July, 2010 and the project is at design stage. It will comprise four phases of development and Phase I is expected to be completed in the fourth quarter of 2014.

Overseas Property Investment

Subsequent to the year end, the Group has acquired a Grade A freehold office building, namely River Court, located at 116-129 Fleet Street, Midtown, London, United Kingdom. River Court provides a total net internal area of approximately 431,324 square feet, together with certain car parking spaces. The office area is let to an international investment bank as part of its European headquarters and the retail unit at the ground floor and lower ground floor is let to a chemists retail company.

Securities Investments

As at 31st December, 2009, the carrying amount of the listed securities and treasury products was HK\$2,681.2 million. During the Year, the portfolio was increased by a net purchase of HK\$4,665.9 million and was increased by the release of the fair value liability on the expired derivative financial instruments of HK\$3.2 million. After adding the fair value gain of HK\$257.2 million for the Year, the listed securities investments portfolios of the Group reached HK\$7,607.5 million as at 31st December, 2010 representing 13.8% of total assets, which formed part of the Group's cash management activities.

The portfolio of HK\$7,607.5 million (31st December, 2009: HK\$2,681.2 million) comprised of (a) equity securities (investments held-for-trading) of HK\$2,422.1 million (31st December, 2009: HK\$643.9 million); (b) bonds (financial assets designated as at fair value through profit or loss) of HK\$5,185.4 million (31st December, 2009: HK\$728.2 million); (c) no equity securities (available-for-sale investment) (31st December, 2009: HK\$1,312.3 million); and (d) no derivative financial instrument (31st December, 2009: liabilities HK\$3.2 million).

Prospects

Looking ahead, Mr. Joseph Lau, said, "2010 was a rewarding year with the opening of The ONE and renovated Windsor House, as well as the launch of our second Chengdu Project, The Metropolis. Looking forward to 2011, we expect promising rental income from our prime investment properties benefited from the continuous growth of tourists' spending and improved local consumption. Furthermore, the upcoming launch of our Macau Project will be another focus of this year. Together with the property sales of our Chengdu developments, we are confident that the property revenue will provide satisfactory contributions to the Group in the coming years."

Mr. Lau added, "Our sufficient cash on hand always enables us to seize opportunities for replenishing land bank in Hong Kong, mainland China and overseas. We will continue monitoring the property markets to expand our property portfolio with quality lands and premises."

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About Chinese Estates Holdings Limited

Chinese Estates Holdings Limited (SEHK Stock Code: 0127) and its subsidiaries principally engages in property investment, development and management in Hong Kong, Macau, the Mainland China and overseas. The Group has always been identified with high quality investment portfolio and mid-end to high-end commercial and residential properties in prime locations.

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