



華人置業集團

CHINESE ESTATES HOLDINGS LIMITED

Interim Results 2008 of Chinese Estates

Profit Attributable to Equity Holders Up 72% to HK\$3.5 Billion

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Substantial Rental Growth after Renovations

Financial Highlights

	<i>(For the six months ended 30 June)</i>		
	2008 <i>HK\$m</i>	2007 <i>HK\$m</i>	Change
Turnover	986	2,535	-61.1%
Profit attributable to equity holders	3,523	2,052	+71.6%
Basic earnings per share	HK\$1.53	HK\$0.91	+68.1%
Interim dividend per share	HK13.5 cents	HK13.5 cents	
Share repurchase* per share	HK18.2 cents	N/A	
Share repurchase* and Interim Dividend	HK31.7 cents	HK13.5 cents	
As a percentage of core profit	39.1%	32.4%	

* for the period from March to July, 2008

(7 August, 2008 – Hong Kong) **Chinese Estates Holdings Limited** ("Chinese Estates" or the "Group"; stock code: 0127) is pleased to announce today its interim results for the six months ended 30 June 2008 (the "Period"). Profit attributable to equity holders of the parent for the Period amounted to HK\$3,522.8 million (six months ended 30 June 2007: HK\$2,052.4 million), representing an increase of 71.6%. The profit for the Period was mainly attributable from the fair value gains on investment properties and gains on disposals of listed available-for-sale investments. Earnings per share was HK\$1.53 (six months ended 30 June 2007: HK\$0.91).

Turnover for the Period amounted to HK\$985.8 million (six months ended 30 June 2007: HK\$2,535.0 million), a 61.1% decrease over the same period last year. It was mainly due to the decrease in turnover of securities investment and the turnover for sales of development properties. Gross profit for the Period amounted to HK\$519.6 million, a 41.5% decrease as compared with the same period last year (six months ended 30 June 2007: HK\$888.2 million).

The Board has declared an interim dividend of HK13.5 cents per share for the Period (the "Interim Dividend") (2007: HK13.5 cents) and give shareholders the option of receiving part or all of the Interim Dividend in form of new shares ("Scrip Dividend") in lieu of cash dividend.

For the period from March to July, 2008, the Company has allocated an aggregate cash amount of HK\$724.4 million (2007: HK\$308.4 million) (or HK31.7 cents per share (2007: HK13.5 cents)) which would be paid to shareholders. Out of such sum, an amount of HK\$306.2 million (2007: HK\$308.4 million) (or HK13.5 cents per share (2007: HK13.5 cents)) would be applied for the payment of Interim Dividend and an amount of HK\$418.2 million (2007: nil) (or HK18.2 cents per share) has been utilized for the repurchase of the Company's shares during March to July, 2008. With such a total cash sum of HK31.7 cents per share (2007: HK13.5 cents) and a core profit of HK\$0.81 per share (2007: HK\$0.417), a ratio of 39.1 % (2007: 32.4%) is recorded.

Mr. Joseph Lau, Chairman, CEO and Executive Director of the Group, commented on the encouraging performance of 2008 interim results, "The increase of the Group's profit attributable to equity holders was supported by a number of positive factors. The strategy of repackaging our shopping arcades has been very successful. Substantial rental improvements are being realized after the completion of renovations. Moreover, the Group has recorded satisfactory gains on disposals of listed available-for-sale investments during the Period."

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 gross rental growth was 27.90% with rental income of HK\$461.8 million for the six months ended 30 June 2008, as compared with the corresponding period of last year. The respective increases in retail and non-retail portion have been 27.80% and 28.20%. The increase in gross rental income is mainly attributable to the high reversionary rental rate of the office properties and the completion of renovation works of Silvercord and the first phase renovation of Windsor House in the third quarter of 2007.

Retail Properties

The overall occupancy rate of the Group's retail portfolio was 90.61% during the first half of 2008 excluding the renovation area of Windsor House. Such sustainable high occupancy rate is attributable to the prime locations of the majority of the Group's retail properties. Retail rents were generally raised due to the increase in tenants' business turnover benefited from the growth of both tourists' and local consumption.

During the Period, the average occupancy rates of all the shops of Excelsior Plaza – Laforet and Causeway Place were approximately 99.40% and 97.57% respectively.

The first phase renovation of Windsor House was completed in the third quarter of 2007 and the second phase renovation has commenced in March 2008. It is anticipated that the works will be completed by early 2010.

The renovation works of Silvercord were completed in the third quarter of 2007. The overall rental income of Silvercord was raised almost 100% as compared with the corresponding period of last year due to the increase in more quality brands, and its average occupancy rate was 93.85% during the Period.

Office Properties

The occupancy rate for the Group's office properties sustained a satisfactory level throughout the first half of 2008. During the Period, the average occupancy rates of Windsor House, MassMutual Tower and Harcourt House were approximately 91.19%, 95.25% and 87.49% respectively, bringing the approximate occupancy rate of the overall office portfolio to 91.64%.

In general, it is expected that both the occupancy rate in retail and office properties will remain at high level while their rental rates will have room for increment.

Future Plans for Property Investment

The Group will continue to upgrade the quality of its existing properties through renovation and repackaging of its landmark properties. We expect that the revamped Windsor House will have improved and diversified trade mix while the rental income is expected to rise substantially.

The construction works of the redevelopment of Tung Ying Building in Tsim Sha Tsui is in good progress. MTR Corporation Limited commissioned to construct a pedestrian subway linking the existing Tsim Sha Tsui MTR Station to, amongst other exits, the future Tung Ying Building under redevelopment. The redevelopment will benefit from this pedestrian subway and this direct path to the MTR Station will provide a highly accessible link for the shoppers to our redevelopment. Tung Yung Building is to be redeveloped into an integrated shopping and entertainment complex and is expected to be a landmark shopping arcade in Tsim Sha Tsui upon completion scheduled in 2010.

It is expected that the full potential of the Group's property investments will be reflected after the completion of the second phase renovation of Windsor House and redevelopment of Tung Ying Building.

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, the former Tung Sang Building in Wanchai, with its superstructure work in progress, is a brand new residential/retail composite building having 94 units. The sale is in progress and 23 units were presold up to 30 June 2008.

MOD 595 is a joint venture project with the Urban Renewal Authority located at Reclamation Street, Mongkok. It provides a single residential tower block comprises 85 units. The project was launched in April 2008. As at 30 June 2008, 60 units were sold, representing 70.58% of total units. The occupation permits has been obtained in August 2007 and the Certificate of Compliance is issued in March 2008.

The Zenith (87.5% interest) is a two-phase redevelopment project at Tai Yuen Street, Wanchai undertaken with the Urban Renewal Authority. 650 units of phase I were sold up to 30 June 2008, representing 99.69% of total units. For phase II redevelopment, the Master Layout Plan for the Core Elements Preservation of the existing Wanchai Market has been approved on 4 July 2008 by the Town Planning Board. The commencement of construction work of phase II is currently scheduled in end 2008 and the construction work is expected to be completed in mid 2012.

Future Plans for Property Development

The joint venture project with Urban Renewal Authority, located at Larch Street/Bedford Road in Tai Kok Tsui, provides a single residential tower block comprises 182 units. The whole project will be completed in the forth quarter of 2008. The pre-sale consent is being applied and the launching of this project is currently expected in the fourth quarter of 2008.

The Group has two joint venture development projects in West Kowloon Reclamation Area. One is located on Hoi Ting Road and at the junction of Hoi Wang Road and Hoi Ting Road, West Kowloon Reclamation Area (25% interest) and another is located at the junction of Hoi Wang Road, Yan Cheung Road and Yau Cheung Road (15% interest). Foundation works of these projects have commenced. The two projects are expected to be completed in mid 2010 and end 2010 respectively.

No.55 Conduit Road (70% interest), a residential site in mid-levels, provides a total residential gross floor area of around 87,770 square feet. This site will be developed into a luxury residential project. Site formation works were substantially completed. The design proposal for the foundation works has been submitted for government's approval.

Sun Fair Mansions, 12 Shiu Fai Terrace, a residential site in mid-levels East, is a traditional prestigious location for luxury residential project in Hong Kong. The site area is about 12,000 square feet that can provide a total residential gross floor area of around 39,700 square feet. The site is planned to be redeveloped into a luxury residential project in end 2008.

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 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 by four to five phases. The proposal for site formation and basement excavation works of phase I have been submitted for government's approval.

Property Investment and Development in Mainland China

Evergo Tower, located at Central Huaihai Road in Shanghai, is a 23-storey office/shopping complex. The average occupancy rates of the office and retail spaces were 92.49% and 84.13% respectively for the Period.

Hilton Beijing (50% interest), a five-star international hotel, maintained an average occupancy rate of 82.23% and achieved a gross operating profit of HK\$87 million for the Period. The expansion of Hilton Beijing by redeveloping the adjacent auditorium into an executive tower was completed in June 2008. The tower has operated since 1 July 2008.

Oriental Place (50% interest), a 10-storey office building next to Hilton Beijing, was fully let out as of June 2008.

The average occupancy rate of the 79 retail outlets in Lowu Commercial Plaza, Shenzhen was 93.73% for the Period.

Splendid City and Metropolis Height are the residential projects at Yingbin Road of Jinniu District and Dongda Street of Jinjiang District in Chengdu, with respective site area of approximately 795,625 square feet and 194,411 square feet and corresponding gross floor area of approximately 3.74 million square feet and 1.65 million square feet. Splendid City is in site formation processes while Metropolis Height is at design stage. The projects are expected to be completed in mid 2010 and mid 2011 respectively.

The 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 around 3.2 million square feet. The project is at design stage and is expected to be completed in early 2012.

The residential project at Huaxinjie Street of Jiangbei District in Chongqing (25% interest), with a site area of 2,207,546 square feet and a gross floor area of approximately 11 million square feet, is also at design stage. In the schedule of this ten-phase development, the first phase is expected to be commenced and completed in end 2008 and end 2010 respectively.

As the projects in Chengdu and Chongqing are in preliminary stage, development schedules have not been affected and no estimated loss has been incurred to the Group as a result of the Sichuan earthquake in May 2008.

Securities Investments

As at 31 December, 2007, the listed securities investments and treasury products was HK\$11,808.0 million. During the Period, the portfolio was reduced by a net disposal (including fair value change on the disposed listed available-for-sale investments during the Period) of HK\$3,686.3 million (a decrease of 31.2% over 2007). After deducting the fair value change of HK\$1,874.9 million (six month ended 30 June 2007: adding of HK\$818.6 million) on the remaining securities for the Period, the listed securities investments portfolios of the Group reached HK\$6,246.8 million at 30 June 2008, representing 9.4% (31 December 2007: 17.7%) of the total assets, which formed part of the Group's cash management activities.

During the Period, the Group had disposed certain listed securities investments included in available-for-sale investments. A gain of HK\$1,445.2 million (six months ended 30 June 2007: nil) was recognised as net investment income, after deducting selling expenses of HK\$3.3 million (six months ended 30 June 2007: nil), which was transferred from a cumulative gain of HK\$1,448.5 million (six months ended 30 June 2007: nil) in equity as securities investments reserve. Together with the respective dividend income of HK\$90.5 million (six months ended 30 June 2007: HK\$24.3 million), the total gains of HK\$1,535.7 million (six months ended 30 June 2007: HK\$24.3 million) were recognised for the Period.

Prospects

Looking ahead, Mr. Joseph Lau, said, "Despite the uncertainties of the global economies and the equity markets, the Group expects its property development business in Hong Kong will benefit from low interest rate, improved housing affordability and particularly prime locations of its main properties for sale. The Group is cautiously optimistic on the property markets of Hong Kong, Macau and Mainland China in the near future."

The Group will continue to strengthen the value of its investment properties and enhance returns through redevelopment and renovation works such as Tung Ying Building and Windsor House. Under the strong demand in office and retail space in the coming years, the Group sees sustained growth in its property investment business in Hong Kong. In addition, the Group will continue to capture opportunities for replenishing its land bank for development projects in Hong Kong and the Mainland China.

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 and the Mainland China. The Group has always been identified with high quality investment portfolio and mid-end to high-end commercial and residential properties in prime locations.

**The Group's interim results announcement webcast can be viewed at www.chineseestates.com from 8 August, 2008 onwards.*

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