



華人置業集團

CHINESE ESTATES HOLDINGS LIMITED

Annual Results 2008 of Chinese Estates

Core Profit Up 63% to HK\$4.45 Billion

* * * * *

Final and Special Dividends of HK\$1 per Share Proposed

Financial Highlights

| | <i>(For the year ended 31 December)</i> | | |
|---|---|----------------------|---------------|
| | 2008 <i>HK\$m</i> | 2007 <i>HK\$m</i> | Change |
| Turnover | 1,264.9 | 4,478.1 | -71.8% |
| Core profit (excluding non-cash items) | 4,448.8 | 2,732.1 | +62.8% |
| (Loss) Profit attributable to equity holders | (1,494.4) | 8,195.8 | N/A |
| Earnings per share (core profit) | HK\$2.00 | HK\$1.20 | +66.7% |
| Interim dividend per share | HK13.5 cents | HK13.5 cents | |
| Final dividend per share | HK1.0 cent | HK22.5 cents | |
| Special Dividend per share | HK99.0cents | N/A | |
| Share repurchase per share | HK102.7 cents | N/A | |
| Share repurchase and Total Dividend | HK216.2 cents | HK36.0 cents | |

(16 March, 2009 – 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 31 December, 2008 (the "Year"). The Group's core profit attributable to equity holders of the parent for the Year achieved HK\$4,448.8 million (2007: HK\$2,732.1 million) and a core earnings per share was HK\$2.00 (2007: HK\$1.20), an increase of 62.8% and 66.7% over 2007 respectively, if the net losses on the major non-cash items of HK\$5,943.2 million (2007: gains of HK\$5,463.7 million) are excluded.

Loss attributable to equity holders of the parent for the Year (from continuing and discontinued operations) was HK\$1,494.4 million as compared to profit of HK\$8,195.8 million for the same period last year. The loss for the Year was mainly due to the fair value losses on investment properties. Loss per share was HK\$0.67 (year ended 31st December, 2007: earnings of HK\$3.60).

Gross profit for the Year amounted to HK\$985.1 million, a 49.1% decrease as compared with the same period last year. Turnover for the Year amounted to HK\$1,264.9 million (year ended 31st December, 2007: HK\$4,478.1 million (restated)), a 71.8% decrease over the same period last year. It was mainly due to the decrease in turnover for sales of development properties.

The Board has recommended the payment of final dividend of HK1 cent per share for the Year (2007: HK22.5 cents). During the Year, the Group has realised all its listed securities investments. Out of the core profit HK\$4,448.8 million (2007: HK\$2,732.1 million), a profit of HK\$3,690.5 million (2007: HK\$1,200.0 million) was generated by the listed securities investment activities. With such results, the Board has recommended the payment of a special dividend of HK99 cents per share for the Year (2007: nil), amounting to HK\$2,033.8 million (2007: nil).

In addition to the special dividend, during the Year, the Company has allocated an aggregate cash amount of HK\$4,648.4 million (2007: HK\$825.5 million) (or HK216.2 cents per share (2007: HK36.0 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)) has been applied for the payment of interim dividend; an amount of HK\$20.5 million (2007: HK\$517.1 million) (or HK1 cent per share (2007: HK22.5 cents)) would be applied for the payment of final dividend; and an amount of HK\$2,287.9 million (2007: nil) (or HK102.7 cents) has been utilized for the repurchase of the Company's shares.

Mr. Joseph Lau, Chairman, CEO and Executive Director of the Group, commented on the performance of 2008 annual results, "We are pleased to announce that we have sustained core profit growth during the economic downturn in 2008. The increase of core profit was supported by the rental income growth of investment properties, especially from substantial rental improvements after completion of renovations. Moreover, the Group has recorded satisfactory gains on disposals of listed available-for-sale investments during the Year."

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 25.37% with rental income of HK\$880.9 million for the Year as compared with last year, and the respective increases in retail and non-retail portion have been 22.17% and 32.10%. The increase in gross rental income is mainly attributable to the high reversionary rental rate of the office properties and the completion of renovation work of Silvercord and the first phase of Windsor House in the third quarter of 2007.

Retail Properties

The overall occupancy rate of the Group's retail portfolio achieved 96.11% if non-core and disposed properties are excluded. Such sustainable high occupancy rate is attributable to the prime locations of the majority of the Group's retail properties.

The first phase renovation of Windsor House was completed in the third quarter of 2007 and the second phase renovation commenced in March 2008. The scope of works include re-layout of basement, ground and first floor, sub-dividing the retail space previously occupied by supermarket, department store and an anchor tenant to provide greater varieties of prime retail shops and specialty restaurants. Portions of the ground floor and first floor have been re-opened in December 2008 and it is anticipated that the renovation work of second phase will be completed by early 2010. The revamped Windsor House will have improved and diversified trade mix.

The renovation work of Silvercord which involves the conversion of the bubble lifts and cinema to shops were completed in the third quarter of 2007. The overall rental income of Silvercord was raised 67.88% for the Year as compared with last year due to the increase in more quality brands, and its average occupancy rate was 96.15% during the Year.

Office Properties

The occupancy rate for the Group's office properties maintained at a satisfactory level throughout the Year with an approximate occupancy rate of the overall office portfolio of 91.67%.

Future Plans for Property Investment

The superstructure work of the redevelopment project of Tung Ying Building in Tsim Sha Tsui is in 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 the redevelopment. Tung Ying 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.

The Group will continue to upgrade the quality of its existing properties through renovation and repackaging. It is expected that the full potential of the Group's investment properties 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.

The superstructure work of York Place, i.e. the former Tung Sang Building, Wanchai, is in progress. The sale is in progress and 35 units were presold up to 31st December, 2008. The occupation permits are expected to be obtained in March 2009.

The Zenith (87.5% interest) is a two-phase redevelopment project at Tai Yuen Street, Wanchai undertaken with the Urban Renewal Authority. 651 units of phase I were sold up to 31st December, 2008, representing 99.85% 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 4th July, 2008 by the Town Planning Board. Phase II will be a residential/commercial complex development. Redevelopment work of phase II commenced in November 2008. Completion of phase II is scheduled at end-2013.

MOD 595 is a joint venture project with the Urban Renewal Authority located at Reclamation Street, Mongkok. It was launched in April 2008. A total of 62 units, representing 72.94%, were sold up to 31st December, 2008.

Future Plans for Property Development

i-home is another joint venture project with Urban Renewal Authority located at Larch Street/Bedford Road in Tai Kok Tsui. The pre-sale consent has been obtained in February 2009 and the launching of this project is currently scheduled to the first quarter of 2009. The whole project is expected to be completed in early 2009.

The Group has two joint venture development projects in West Kowloon Reclamation Area. One is located at Hoi Ting Road and junction of Hoi Wang Road and Hoi Ting Road (25% interest). Its foundation work was completed and superstructure work is in progress. Residential and retail properties with a total gross floor area of around 1,095,980 square feet will be developed and the whole project is expected to be completed at end-2010.

The other one is located at the junction of Hoi Wang Road, Yan Cheung Road and Yau Cheung Road (15% interest). Its foundation work was completed and excavation work is in progress. Residential and retail properties with a total gross floor area of approximately 650,600 square feet will be developed. Completion of the whole project is expected in 2011.

No. 55 Conduit Road (70% interest), a residential site in Mid-Levels, will be developed into a luxury residential project. Site formation work was completed and the foundation work is scheduled to be commenced in the second quarter of 2009.

Sun Fair Mansions, 12 Shiu Fai Terrace, a residential site in Mid-Levels East, is to be redeveloped into a luxury residential project. Demolition work is in progress.

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. It will comprise 1 serviced apartment tower and 25 residential tower blocks and will be developed in phases. Proposals for site formation and basement excavation works of phase I have been submitted for government's approval and the first phase of the site formation works is scheduled to be commenced in 2009.

Property Investment in Mainland China

Evergo Tower, located at Central Huaihai Road in Shanghai, is a 21-storey office and shopping complex with a 2-storey basement. The average occupancy rates of the office and retail spaces were 90.60% and 73.02% respectively for the Year.

Hilton Beijing (50% interest) maintained an average occupancy rate of 70.03% and achieved a gross operating profit of HK\$164 million for the Year. The expansion of Hilton Beijing by redeveloping the adjacent auditorium into an executive tower was completed in June 2008. The tower has operated since 1st July, 2008.

Oriental Place (50% interest), a 10-storey office building next to Hilton Beijing, was 96.56% let out as of December 2008.

The average occupancy rate of the 79 retail outlets in Lowu Commercial Plaza, Shenzhen was 91.05% for the Year.

Property Development in Mainland China

Metropolis Height and Splendid City are residential projects at Dongda Street of Jinjiang District and Yingbin Road of Jinniu District in Chengdu. Metropolis Height is in site formation process, project completion is expected in mid-2012. Phase I of Splendid City is in superstructure construction process and is expected to be completed in mid-2010.

Chinese Estates Plaza, a commercial and residential project at South Taisheng Road of Qingyang District in Chengdu is in site formation process and is expected to be completed in mid-2012.

The residential project at Huaxinjie Street of Jiangbei District in Chongqing (25% interest) is at design stage.

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

During the Year, the Group had disposed all listed equity securities investments included in available-for-sale investments. A gain of HK\$3,647.8 million (year ended 31st December, 2007: HK\$888.7 million) was recognised as net investment income, after deducting transaction costs of HK\$8.2 million (year ended 31st December, 2007: HK\$2.0 million), which was transferred from a cumulative gain of HK\$3,656.0 million (year ended 31st December, 2007: HK\$890.7 million) in equity as securities investments reserve. Together with the respective dividend income of HK\$116.2 million (year ended 31st December, 2007: HK\$86.1 million), the total gains of HK\$3,764.0 million (year ended 31st December, 2007: HK\$974.8 million) were recognised for the Year.

Prospects

Looking ahead, Mr. Joseph Lau, said, "2009 is set to be a challenging year, the Group remains cautiously optimistic in its core businesses. Our prime investment properties are expected to continue to provide stable rental income, and profitable property sales projects will also provide further revenue. Our cash on hand also enables us to replenish our land bank in Hong Kong and mainland China. Meanwhile, the Group will continue to strengthen the value of its investment properties and enhance returns through redevelopment and renovation programmes."

- End -

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 annual results announcement webcast can be viewed at www.chineseestates.com from 17 March, 2009 onwards.*

For further information, please contact:

Alison Yeung
Corporate Communications Department
Chinese Estates Holdings Limited
Tel: (852) 2864 4480
Fax: (852) 2863 7083
E-mail: alisonm.yeung@chineseestates.com