



# 華人置業集團

CHINESE ESTATES HOLDINGS LIMITED

## Interim Results 2009 of Chinese Estates

**Encouraging Rental Performance with Total Revenue Increases  
88% to Over HK\$1.3 Billion**

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**Upcoming Launch of First Chengdu Project**

### Financial Highlights

	<i>(For the six months ended 30 June)</i>		
	<b>2009</b> <i>HK\$m</i>	2008 <i>HK\$m</i>	<b>Change</b>
<b>Revenue (Turnover)</b>	<b>1,366</b>	727	<b>+88%</b>
<b>Gross Profit</b>	<b>810.3</b>	519.6	<b>+56%</b>
<b>Profit attributable to equity holders</b>	<b>3,203.3</b>	3,522.8	<b>-9%</b>
<b>Basic earnings per share</b>	<b>HK\$1.57</b>	HK\$1.53	<b>+2.6%</b>
<b>Interim dividend per share</b>	<b>HK2.0 cents</b>	HK13.5 cents	<b>-85%</b>
<b>Share repurchase per share</b>	<b>HK51.1 cents</b>	HK8.50 cents	<b>+501%</b>
<b>Share repurchase and Interim Dividend</b>	<b>HK53.1 cents</b>	HK22 cents	

(7 September, 2009 – 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 2009 (the "Period"). Revenue for the Period amounted to HK\$1,366.0 million (six months ended 30th June, 2008: HK\$726.6 million (restated)), a 87.9% increase over the same period last year. It was mainly due to the increase in revenue of sales proceeds recognised from York Place, rental income from Silvercord and MassMutual Tower and securities investment.

Gross profit for the Period amounted to HK\$810.3 million, a 55.9% increase as compared with the same period last year. Profit attributable to equity holders of the parent for the Period was HK\$3,203.3 million as compared to profit of HK\$3,522.8 million for the same period last year. The profit for the Period was mainly due to the fair value gains on investment properties. Earnings per share was HK\$1.57 (six months ended 30th June, 2008: HK\$1.53).

The Board has declared an interim dividend of HK2 cents per share for the Period.

Mr. Joseph Lau, Chairman, CEO and Executive Director of the Group, commented on the performance of 2009 interim results, "I'm pleased that the Group maintained a healthy financial status with satisfactory profit, sufficient cash and low gearing ratio during the period of the financial tsunami. Moreover, we achieved a pleasant rental growth despite the poor market sentiment in the first half of 2009. It shows that the strategy of repackaging our shopping arcades has been very successful. On the other hand, the Group has recorded satisfactory gains on listed securities investments during the Period."

### **Property Investment in Hong Kong**

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

The Group's overall gross rental growth was 11.59% with rental income of HK\$515.32 million for the Period as compared with the corresponding period of last year, and the respective increases in Hong Kong retail and non-retail portion have been 10.72% and 20.28%. The increase in gross rental income is mainly attributable to the high reversionary rental rate of the office properties and pleasant rental rates achieved by shopping malls after renovation.

### ***Retail Properties***

The overall occupancy rate of the Group's retail portfolio was 90.06% during the Period excluding the renovation area of Windsor House. The occupancy rate achieved 95.76% if non-core properties are excluded. Such sustainable high occupancy rate is attributable to the prime locations of the majority of the Group's retail properties.

During the Period, the shops of Excelsior Plaza – Laforet were fully let out and the average occupancy rate of Causeway Place was approximately 92.30%.

The first phase renovation of Windsor House was completed in the third quarter of 2007 and the second phase renovation commenced in March 2008. Works include reconfiguration of the mall layout from basement level to 7th level to provide greater varieties of prime retail shops and specialty restaurants, addition of atrium void and introduction of skylight to provide a high-end shopping environment. Portions of the circulation areas and shops at ground floor and first floor have been re-opened in December 2008 and June 2009 respectively and it is anticipated that the whole renovation work will be completed by early 2010.

As for Silvercord, the overall rental income was raised 33.76% for the Period as compared with the corresponding period of last year and its average occupancy rate was 96.70% during the Period. The substantial rental growth and high occupancy rate reflect the success of the Group's rental enhancement strategy of renovation and repackaging of its shopping malls. In order to further enhance the circulation at third floor, improvement works to third floor is being planned and site works are tentatively scheduled to be commenced in the second quarter of 2010.

## **Office Properties**

The occupancy rate for the Group's office properties maintained at a satisfactory level throughout the first half of 2009. During the Period, the average occupancy rates of Windsor House, MassMutual Tower and Harcourt House were approximately 90.59%, 98.60% and 76.41% respectively, bringing the approximate occupancy rate of the overall office portfolio to 89.81%. The occupancy rate drop in Harcourt House was mainly due to the closure of businesses in Hong Kong or down-size of office area of several anchored tenants in the building caused by the global economy turmoil.

## **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 ONE, i.e. the redevelopment project of the former Tung Ying Building in Tsim Sha Tsui is being developed to a 29-storey integrated shopping, entertainment and food and beverage complex with more than 400,000 square feet of retail spaces. It will be the tallest retail complex of its kind in Hong Kong and is expected to be a landmark shopping arcade in Tsim Sha Tsui upon completion scheduled in the first half of 2010. Pre-lease marketing has been commenced after the formal naming of The ONE in June 2009. Overall marketing response is positive and a number of offers are received from prospective tenants.

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

## **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. As at 30th June, 2009, 64 units (51 recognized as sales and 13 defined as presale and the relevant revenue and profit will be recognized in the second half of 2009) were sold, representing 68.08% of total units. The occupation permit has been obtained in March 2009 and the transacted units had been handed over to the purchasers in mid of May 2009.

i-home is a joint venture project with the Urban Renewal Authority located in Tai Kok Tsui. The occupation permit and the certificate of compliance from the government have been obtained in March 2009 and June 2009 respectively. Since its first sales launch commenced in end of March 2009, 134 units defined as presales and the relevant revenue and profit will be recognized in the second half of 2009, representing 73.62% of total units were sold as of 30th June, 2009.

MOD 595 is another joint venture project with the Urban Renewal Authority located in Mongkok. 98.82% of total units (i.e. 1 unit remaining) were sold up to 30th June, 2009, all of which had been handed over to the purchasers.

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 30th June, 2009, representing 99.85% of total units. Phase II will be a residential/commercial complex development with a gross floor area of approximately 159,700 square feet. Redevelopment work with preservation of the core elements of Wanchai Market and foundation work are in progress. Completion of phase II is scheduled in end 2013.

### **Future Plans for Property Development**

The Hermitage (25% interest), is one of the Group's joint venture development projects in West Kowloon. It is located at Hoi Ting Road and junction of Hoi Wang Road and Hoi Ting Road. Its superstructure work is in progress. The Hermitage will comprise six residential tower blocks provide in aggregate 960 residential units and retail properties with a total gross floor area of around 1,095,980 square feet. The whole project is expected to be completed in end 2010. The launching of the Hermitage is scheduled in the second half of 2009.

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 sub-structure work is in progress. Six residential tower blocks with residential and retail properties of total gross floor area of approximately 650,600 square feet will be developed. Completion of the whole project is scheduled in 2011.

Sun Fair Mansions, 12 Shiu Fai Terrace, located in Mid-Levels East, will be redeveloped into a luxury residential tower which provides a total residential gross floor area of around 42,900 square feet. Demolition work has been completed, site formation work is in progress. The whole project is expected to be completed in end 2012.

No. 55 Conduit Road (70% interest), a residential site in Mid-Levels which can provide a total residential gross floor area of around 87,800 square feet, will be developed into a luxury residential project. The first phase of the site formation work has been substantially completed. Piling works and the associated sub-structure works are scheduled to be commenced in the third quarter of 2009.

## **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 in phases. Proposals for a revised master layout plan, site formation and basement excavation works of phase I have been submitted for government's approval.

## **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, with respective site area of approximately 194,411 square feet and 795,625 square feet and corresponding gross floor area of approximately 1.65 million square feet and 3.74 million square feet. Metropolis Height is in foundation construction process, project completion is scheduled in end 2012. Phase I of Splendid City, expected to be completed in end 2010, is in superstructure construction process and is scheduled for presale in the second half of 2009.

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. The project is in site formation process. Completion of the project is expected in mid 2014.

The commercial and residential project at Huaxinjie Street of Jiangbei District in Chongqing (25% interest), with a site area of around 2,207,546 square feet and a gross floor area of approximately 11.08 million square feet, is at design stage.

## **Securities Investments**

During the Period, the total gains recognised on listed securities investments were HK\$324.5 million, including listed equity securities investments included in available-for-sale investments, listed held-for-trading investments and treasury products.

The Group had not disposed any available-for-sale investments for the first half year of 2009. The listed equity securities included in available-for-sale investments also bring an addition of fair value of HK\$8.1 million was recognised in other comprehensive income and the securities investments reserve.

During the Period, the listed securities investments portfolios of the Group reached HK\$2,519.7 million as at 30th June, 2009 representing 4.7% of total assets, which formed part of the Group's cash management activities.

## **SPECIAL DIVIDEND**

With reference to the announcement dated 2nd September 2009 setting out the Company's conditional disposal of certain assets (the "Announcement"), it is anticipated that sales proceeds of approximately HK\$2,024 million would be received and it is intended that part of the net proceeds generated from the discloseable and connected transactions as disclosed in the Announcement (the "Transactions") will be distributed to the shareholders as special dividend. The Board has declared a special dividend of HK63 cents per share on the condition that all conditions precedent of the Transactions are fulfilled including the approval by the independent shareholders in a special general meeting of the Company. However, no special dividend will be distributed to shareholders if the Company has not obtained independent shareholders' approval on the Transactions and any of the other conditions precedent cannot be fulfilled.

## **Prospects**

Looking ahead, Mr. Joseph Lau, said, "Although the remainder of the year will continue to be challenging, there are positive signs suggesting that global economies are recovering. Mainland China is seeing her economy growing amongst the strongest in the World and its residential property demand will remain strong, paving the way for our Chengdu project, Splendid City, to realize its values in full. The Group is positive about the Hong Kong property markets for the next 6-12 months. We believe that both our property development and investment businesses are well positioned to achieve enhanced returns in the second half of the year."

The Group will continue to strengthen the value of its investment properties and enhance returns through redevelopment and renovation works such as The ONE and Windsor House. Moreover, the Group will continue to capture opportunities for replenishing its land bank for development projects in Hong Kong and the Mainland China.

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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 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](http://www.chineseestates.com) from 8 September, 2009 onwards.*

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