



華人置業集團

CHINESE ESTATES HOLDINGS LIMITED

Annual Results 2009 of Chinese Estates

Profit Attributable to Equity Holders Soars to HK\$8.6 Billion

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Satisfactory Sales Performance for First Chengdu Project

Financial Highlights

	<i>(For the year ended 31 December)</i>		
	2009 <i>HK\$m</i>	2008 <i>HK\$m</i>	Change
Revenue	2,151.3	1,264.9	+70.1%
Profit (Loss) attributable to equity holders	8,648.7	(1,494.4)	--
Earnings per share	HK\$4.34	HK\$(0.67)	--
Interim dividend per share	HK2.0 cents	HK13.5 cents	
Final dividend per share	HK1.0 cent	HK1.0 cent	
Special Dividend per share	HK63.0cents	HK99.0cents	
Share repurchase per share	HK72.8 cents	HK102.7 cents	
Share repurchase and Total Dividend	HK138.8 cents	HK216.2 cents	
As a percentage of core profit	195.5%	108.3%	+80.5%

(30 March, 2010 – 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, 2009 (the "Year"). The Group's profit attributable to equity holders of the parent for the Year was HK\$8,648.7 million as compared to loss of HK\$1,494.4 million for last year. The profit for the Year was mainly due to the fair value gains on investment properties. Earnings per share was HK\$4.34 (year ended 31st December, 2008: loss per share HK\$0.67).

Revenue for the Year amounted to HK\$2,151.3 million (year ended 31st December, 2008: HK\$1,264.9 million), a 70.1% increase over last year. The increase was mainly due to recording of revenue of sales proceeds recognized.

In October and November 2009, the Company has paid interim and special dividends in total of HK65 cents per share to shareholders, which represents 91.5% of the core profit for the Year of HK71 cents per share. 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 (2008: HK1 cent).

During the Year, the Company has allocated an aggregate cash amount of HK\$2,740.5 million (2008: HK\$4,648.4 million) (or HK138.8 cents per share (2008: HK216.2 cents)) which would be paid to shareholders. Out of such sum, an amount of HK\$39.2 million (2008: HK\$306.2 million) (or HK2 cents per share (2008: HK13.5 cents)) and an amount of HK\$1,228.5 million (2008: HK\$2,033.8 million) (or HK63 cents per share (2008: HK99 cents)) have been applied for the payment of interim dividend and special dividend respectively; an amount of HK\$19.5 million (2008: HK\$20.5 million) (or HK1 cent per share (2008: HK1 cent)) would be applied for the payment of final dividend; and an amount of HK\$1,453.3 million (2008: HK\$2,287.9 million) (or HK72.8 cents per share (2008: HK102.7 cents)) has been utilized for the repurchase of the Company's shares during the Year.

Mr. Joseph Lau, Chairman, CEO and Executive Director of the Group, commented on the performance of 2009 annual results, "We are pleased to announce that we have sustained profit and maintained revenue growth under the harsh economic climate in 2009. 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.

Despite the economic turmoil in the first half of 2009, the Group's overall gross rental growth remained positive of 5.35% with rental income of HK\$1,013.1 million for the Year as compared with last year. The respective increases in Hong Kong retail and non-retail portion have been 3.93% and 10.13%. The increase in gross rental income is mainly attributable to the high reversionary rental rate of the office properties and pleasant rental rate achieved by shopping malls after renovation.

Retail Properties

The overall occupancy rate of the Group's retail portfolio was 88.65% during the Year excluding the renovation area of Windsor House. The occupancy rate achieved 93.60% 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 shops of Excelsior Plaza – Laforet were fully let out and the average occupancy rate of Causeway Place was approximately 93.33%.

The second phase renovation of Windsor House commenced in March 2008. 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 in May 2010. The revamped Windsor House will have improved and diversified trade mix.

As for Silvercord, the overall rental income was raised 16.01% for the Year as compared with last year and its average occupancy rate was 95.29% during the Year. The rental growth and high occupancy rate reflect the success of the Group's rental enhancement strategy of renovation and repackaging of its shopping malls.

Office Properties

During the Year, the average occupancy rates of Windsor House, MassMutual Tower and Harcourt House were approximately 89.02%, 98.93% and 75.54% respectively, bringing the approximate occupancy rate of the overall office portfolio to 89.06%. The drop of occupancy rate 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 financial tsunami.

Future Plans for Property Investment

The ONE (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 for 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.

In order to further enhance the circulation at third floor of Silvercord, improvement works to third floor is being planned and site works are to be commenced in the second half of 2010 tentatively.

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 opening of the second phase renovation of Windsor House and The ONE.

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 31st December, 2009, 77 units were sold, representing 81.91% of total units. The occupation permit has been obtained in March 2009 and the transacted units had been handed over to the purchasers.

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 sales launch commenced in end of March 2009, 142 units (representing 78.02% of total units) were sold up to 31st December, 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 31st December, 2009, all of which had been handed over to the purchasers.

Future Plans for Property Development

The Zenith Phase II (87.5% interest) 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 for end 2012.

The Hermitage (25% interest), is one of the Group's joint venture development projects in West Kowloon. Its superstructure work is in progress. The Hermitage will comprise six residential tower blocks which provides in aggregate 962 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 currently scheduled for the second quarter of 2010.

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. 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 for end 2011.

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 42,900 square feet will be redeveloped. Demolition work has been completed, site formation work is in progress. The whole project is expected to be completed for end 2012.

No. 55 Conduit Road (70% interest), a residential site in Mid-Levels with site area about 36,000 square feet which can provide 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.

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. The revised master layout plan of the whole development had been agreed by the government whereas detailed proposal for execution of the phase I development are being formulated for the approval of the government.

Property Investment in Mainland China

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 86.03% and 67.43% respectively.

Hilton Beijing (50% interest), having 503 rooms, average occupancy rate was 56.26% for the Year.

Oriental Place (50% interest), a 10-storey office building next to Hilton Beijing, average occupancy rate was 96.76% for the year.

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 94.35% for the Year.

Property Development in Mainland China

Splendid City is a residential project located at Yingbin Road of Jinniu District in Chengdu. Phase I of Splendid City, is in superstructure construction and expected to be completed in end 2010. Since its first sales launch of Phase I commenced in end of October 2009, 542 out of 648 units launched (i.e. 83.64%) were presold up to 31st December, 2009, representing 44.21% of total units of Phase I.

Metropolis Height is a residential project located at Dongda Street of Jinjiang District in Chengdu. Substructure construction is in process, project completion is scheduled for end 2012 and the launching of this project is scheduled for end 2010.

Chinese Estates Plaza, a commercial and residential project at South Taisheng Road of Qingyang District in Chengdu. The project is in foundation and substructure process. Completion of the project is scheduled for end 2013.

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

In late 2009, the Group has formed a joint venture (30% interest) with a third party, contracted to acquire indirectly a Grade A office building in Shanghai. The said acquisition is expected to complete in April, 2010 and is expected to be financed by bank borrowing and internal resources.

Securities Investments

As at 31st December, 2008, the carrying amount of the treasury products was HK\$24.4 million, which was included in derivative financial instrument under current liabilities. During the Year, the portfolio was increased by a net purchase of HK\$2,641.6 million and was increased by the release of the fair value liability on the knocked out derivative financial instruments of HK\$24.4 million. After adding the fair value gain of HK\$39.6 million for the Year, the listed securities investments portfolios of the Group reached HK\$2,681.2 million as at 31st December, 2009 representing 4.5% of total assets, which formed part of the Group's cash management activities.

The portfolio HK\$2,681.2 million (2008: liabilities HK\$24.4 million) comprised of (a) equity securities (available-for-sale) HK\$1,312.3 million (2008: nil); (b) equity securities (held-for-trading) HK\$644.0 million (2008: nil); (c) bonds (financial assets designated as at fair value through profit or loss) HK\$728.2 million (2008: nil); and (d) derivative financial instrument liabilities HK\$3.3 million (2008: liabilities HK\$24.4 million).

Prospects

Looking ahead, Mr. Joseph Lau, said, "2010 will be a challenging yet rewarding year. We are expecting the opening of The ONE and phase two of Windsor House, together with the other prime investment properties in our portfolio, bringing the rental revenue up to new heights. Furthermore, with supportive economic policies in West China from the Central Government, we are confident that the property sales of our Chengdu projects will continue to achieve satisfactory results. Meanwhile, our cash on hand also enables us to replenish land bank in Hong Kong and mainland China for both development and investment projects."

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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 annual results announcement webcast can be viewed at www.chineseestates.com from 31 March, 2010 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