

[For Immediate Release]



華人置業集團

CHINESE ESTATES HOLDINGS LIMITED

Chinese Estates Announces Its 2005 Annual Results

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Profit attributable to shareholders up 280% to HK\$6,155,000,000

**Positive Outlook in Property Investment Market
Repackaging Programmes to Maximize Retail Property Value**

Financial Highlights

	<i>(For the year ended 31 December)</i>		
	2005 <i>HK\$'000</i>	2004 (restated) <i>HK\$'000</i>	Change
Turnover	2,274,988	5,257,357	-56.7%
Gross profit	784,748	959,486	-18.1%
Profit attributable to shareholders	6,154,572	1,619,085	+280.2%
Basic earnings per share	HK 300 cents	HK 78.1cents	+284.1%
Total Dividend per share	HK 21.0 cents	HK 19.5 cents	+7.7%
- Interim	HK 9.0 cents	HK 8.5 cents	
- Final	HK 12.0 cents	HK 11.0 cents	

(11 April, 2006 – 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, 2005. During the year, profit attributable to shareholders substantial increased by 280% to reach HK\$6,155 million as compared to HK\$1,619 million last year. Turnover decreased by 56.7% to reach HK\$2,275 million, as compared to HK\$5,257 million last year. Gross profit reached HK\$785 million, decreased 18.1% as compared to HK\$959 million last year. Basic earnings per share substantial increased by 284% to reach HK 300 cents as compared to HK 78.1 cents last year.

The Board of Directors recommended a final dividend of HK 12.0 cents per share for the year ended 31 December, 2005 (2004: HK 11.0 cents). Together with the interim dividend of HK 9.0 cents (2004: HK 8.5 cents), the total distribution for 2005 will amount to HK 21.0 cents per share (2004: HK 19.5 cents). Excluding the major non-cash items, the profit reached HK\$1,114 million (2004: HK\$1,336 million), the dividend payout ratio will become 38.7% (2004: 30.3%).

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Investment properties were revalued at 31 December 2005 with a gain of HK\$4,977 million recorded as income, the corresponding deferred tax charge and minority interests were HK\$876 million and HK\$42 million respectively, together with those revalued properties held by associates, net gain from revaluation of properties attributable to shareholders was HK\$4,192 million.

Mr. Thomas Lau, Chairman of the Group, commented on the encouraging performance in 2005, "The Group's profit attributable to shareholders was supported by a number of positive factors. The continuing economic rebound in the region has led to an increase in the overall occupancy rates. In addition, the Group has been able to introduce favorable rental increments by taking advantages of its tenants' improved returns. As such, the net rental income from the Group's property investment business has risen by 3.5% Y-O-Y to HK\$688 million. Moreover, profit from its property development business has HK\$130 million as the sales generated from the development properties Parc Palais and 80% on re-sale of Barker Road during the year under review. Furthermore, sale of Miami Crescent has contributed HK\$45.9 million profit to the result of associates."

Property Investment in Hong Kong

Rental income continued to be the main source of the Group's income, with a Y-O-Y increase of 3.5% to HK\$688 million from HK\$665 million in 2004. The increase in net rental income was attributable to the growth of rental as a result of Hong Kong's economic rebound.

The Group's overall occupancy rate for retail properties remained at a high level of over 97% in 2005, which was attributable to the prime locations of the majority of the Group's retail properties such as Causeway Bay, Wan Chai and Tsim Sha Tsui. The occupancy rates for Windsor House, Causeway Place, Wanchai Computer Centre and Silvercord Shopping Arcade were 93%, 99%, 95% and 92% respectively. Retail rents have also improved due to the rise in tenants' business turnover from increased tourist spending and improved local consumption.

The office property market has been continuing to improve during 2005. As at December 2005, the occupancy rates for Windsor House, MassMutual Tower and Harcourt House were 93%, 97% and 92% respectively, bringing the occupancy rate of overall office portfolio to 94%.

Property Development in Hong Kong

In general, the Group's development projects have been progressing well.

As at 31 December 2005, the Group has successfully sold 62 houses of the total 78 houses in Miami Crescent of which the Group has 50% interest. Also, 19 units of Indihome in Tsuen Wan have been sold, of which the Group has 50% interest. 71 units of Parc Palais in King's Park were sold, of which the Group has 10% interest and 141 units of Mount Beacon in Kowloon Tong were sold, of which the Group has 33.33% interest.

In addition, the Group has a number of projects under construction that are scheduled for sale and/or pre-sale from the third quarter of 2006 onwards. These include Phase 1 of the Wanchai Road / Tai Yuen Street redevelopment project and Phase 1 of the Macau Avenida Wai Long project, the remaining units of Miami Crescent, Indihome, Parc Palais and Mount Beacon.

Furthermore, the Group's has successful bought the Western Kowloon land in land auction with Sino Group and Nan Fung Group in October 2005, of which the Group has a 25% interest. With completion targeted in 2008, the composite development has a gross floor area of approximately 1,100,000 sq. ft. The Group aims to continue its focus on mid to high-end property projects.

Property Investment in the PRC

Leasing activities have been very encouraging in the PRC. The Group recorded a considerable increase in rental income from Evergo Tower (formerly known as Peregrine Plaza) in Shanghai, of which the Group has a 50% interest during the period, we had completed the acquisition of the remaining 50% interest in March 2006, with its averaged occupancy rates of the office and retail sections maintained at about 90% and 99% respectively during the period.

Hong Kong New World Tower, Shanghai, of which the Group has a 34.65% interest, with its averaged occupancy rates of the office and retail sections increased to about 94% and 82% respectively during the period. We have disposed of this property in March 2006.

Hilton Beijing, of which the Group has a 50% interest, maintained an averaged occupancy rate of 85%, translating to a gross operating profit of HK\$52.43 million in 2005. In addition, the 79 retail outlets on level one of Lo Wu Commercial Plaza in Shenzhen, of which the Group has a 100% interest, with its averaged occupancy rate was 98% during the period.

Other Business

The Group's listed securities investments and treasury products recorded a profit of HK\$243 million, as compared HK\$284 million in 2004. Gain on fair value changes on available-for-sale investments of HK\$330 million was recognized to equity during the year.

Future Plans

The Group remains updating its existing investment properties through renovation works and repackaging programs of landmark properties including the Silvercord Shopping Arcade, Excelsior Plaza and Windsor House. We expect the rental income from such properties will redouble after the renovation and repackaging programs completed.

Tung Ying Building has been demolishing from January 2006. The building will be redeveloped into a retail-predominated complex together with entertainment and other commercial usage. The GFA of the redeveloped property will be approximately 400,000 sq. ft.

With regard to the Group's future prospects, Mr. Joseph Lau, Executive Director of the Group, said, "The overall economy has recovered and will continue to improve, as noted by the increasing consumption power and decreasing unemployment rate. Both capital values and rental values will continue their upward trend among all sectors of the property market. Due to the scarce supply of land, future high quality development projects will still be attractive in Hong Kong."

Mr. Joseph Lau concluded, "By leveraging on our competitive edges, we are confident in capturing opportunities for acquiring premier investment properties, producing high quality development projects as well as identifying lucrative business opportunities in the Greater China and Macau, so as to bring satisfactory returns to our shareholders."

About Chinese Estates Holdings Limited

Chinese Estates Holdings Limited (SEHK stock code: 0127) principally engages in property investment, development and management in Hong Kong, Macau and the Mainland. 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 11 April, 2006 onwards.*

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