



## CHINESE ESTATES HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 127)**

### **CHANGE OF EXECUTIVE DIRECTORS, CHAIRMAN, AUTHORIZED REPRESENTATIVE**

The board of directors (the "Board") of Chinese Estates Holdings Limited (the "Company" and, together with its subsidiaries, the "Group") announces that Mr. Thomas Lau, Luen-hung ("Mr. Thomas Lau") has resigned as an executive director, and has ceased as the Chairman and the authorized representative of the Company with effect from 15th December, 2006.

The Board is pleased to announce the appointment of Mr. Ming-wai Lau ("Mr. MW Lau") as an executive director of the Company with effect from 15th December, 2006. He was also appointed a director of certain subsidiaries of the Company with effect from the same date.

The Board further announces that Mr. Joseph Lau, Luen-hung ("Mr. Joseph Lau"), the Chief Executive Officer of the Company, was appointed as the authorized representative and designated as the Chairman of the Company with effect from 15th December, 2006.

The Board of the Company announces that Mr. Thomas Lau has resigned as an executive director, and has ceased as the Chairman and the authorized representative of the Company with effect from 15th December, 2006.

The reason given by Mr. Thomas Lau for his resignation is that he was involved in an inquiry by the Insider Dealing Tribunal of Hong Kong (the "Tribunal"). According to the report of the Tribunal dated 8th September, 2006 (the "Report"), the Tribunal has found the dealings in listed securities of Asia Orient Holdings Limited undertaken by Mr. Thomas Lau between 14th and 20th September, 1999 constituted insider dealing. On 14th December, 2006, the Tribunal made orders against Mr. Thomas Lau pursuant to which, amongst other things, Mr. Thomas Lau shall not, without the leave of the Court of First Instance of Hong Kong, be a director of the Company, or United Metals Holdings Limited (a company listed on The Stock Exchange of Hong Kong Limited), for a period of 12 months commencing from 22nd December, 2006.

As at 15th December, 2006, Mr. Thomas Lau has an interest in 150,036,697 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), representing approximately 6.64% of the issued share capital of the Company. Save as disclosed above, Mr. Thomas Lau has confirmed that he has no disagreement with the Board and he is not aware of any matter relating to his resignation that needs to be brought to the attention of holders of securities of the Company. The Board also believes that the resignation of Mr. Thomas Lau would not cause any adverse impact to the Group's daily operations and management.

The Board is pleased to announce that Mr. MW Lau was appointed as an executive director of the Company with effect from 15th December, 2006. Mr. MW Lau, aged 26, holds a Bachelor Degree in Laws from King's College London and a Master Degree in Laws from The London School of Economics and Political Science, University of London. He is also due to complete his Doctor of Philosophy Degree in Laws from King's College London. Prior to joining the Board as an executive director of the Company, Mr. MW Lau was the Group's Investor Relations Manager. He previously worked at The Goldman Sachs Group, Inc. and Longview Partners, LP. Mr. MW Lau is a registered attorney in the State of New York and a CFA (Chartered Financial Analyst) Charterholder. Mr. MW Lau did not hold any other directorship in any listed public companies in the three years preceding 15th December, 2006. He is the son of Mr. Joseph Lau and nephew of Ms. Amy Lau, Yuk-wai, non-executive director of the Company.

A service agreement has been entered into between Chinese Estates, Limited, the wholly-owned subsidiary of the Company and Mr. MW Lau on 15th December, 2006 (the "Service Agreement") which has been approved by the remuneration committee of the Company and the Board. Mr. MW Lau is not appointed for any specified length or proposed length of service with the Company but is subject to retirement by rotation and eligible for re-election pursuant to the Bye-Laws of the Company. Pursuant to Bye-Law 94 of the Company's Bye-Laws, Mr. MW Lau shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. Pursuant to the Service Agreement, Mr. MW Lau is entitled to a remuneration of HK\$1,200,000 per annum. He is entitled to bonuses and other benefits at the discretion of the Board. He is also entitled to discretionary bonus for serving as a director of any of the companies under the Group as such company may at its discretion determine. Mr. MW Lau's remuneration was determined by reference to his duties and responsibilities.

Save as disclosed above, Mr. MW Lau does not hold any positions with the Company or its subsidiaries and is not connected and has no relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the date of this announcement, Mr. MW Lau is an eligible beneficiary of a discretionary trust which is interested in 224,831,709 shares of the Company. He is also an eligible beneficiary of another discretionary trust which is interested in 838,947,030 shares of the Company. Mr. MW Lau, by virtue of his controlling interest in the Company as disclosed above, was deemed to be interested in i) 209,931,186 shares of Chi Cheung Investment Company, Limited, an associated corporation of the Company; and ii) 397,858,761 shares of G-Prop (Holdings) Limited, another associated corporation of the Company. Mr. MW Lau is also the executor of an estate of Ms. Theresa Po, Wing-kam, the late mother of Mr. MW Lau. A total of 4,000 shares of the Company were held under the estate. Apart from these, Mr. MW Lau does not have any other interests in shares of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance.

There is no information to be disclosed pursuant to any of the requirements of rules 13.51(2)(h) to (v) of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and there is no matter that needs to be brought to the attention of holders of securities of the Company.

The Board also announces that with regard to the cessation of Mr. Thomas Lau as the Chairman of the Company, Mr. Joseph Lau, the Chief Executive Officer of the Company, was appointed as the authorized representative and designated as the Chairman of the Company with effect from 15th December, 2006. Accordingly, Mr. Joseph Lau plays the roles of both Chairman and Chief Executive Officer of the Company that has deviated from A2.1 of the code provisions under the Code on Corporate Governance Practices ("Code") contained in Appendix 14 to the Listing Rules which stipulated that the roles of chairman and chief executive officer should be segregated.

The Board considers that this structure will not impair the balance of power and authority of the Board. It currently comprises two executive directors, one non-executive director and three independent non-executive directors, with independent non-executive directors representing 50% of the Board, which is higher than the Recommended Best Practices of the Code under the Listing Rules. Such a high percentage of independent non-executive directors in the Board could ensure their views carry significant weight and it reflects a strong independence element in the composition of the Board. At present, the Board also believes that under the leadership of Mr. Joseph Lau as the Chairman and Chief Executive Officer, the Board's decision could be made effectively and it is beneficial to the management and development of the Group's businesses. The Board would still consider segregation of the role of chairman and chief executive officer to comply with the Code if and when appropriate.

The Board would like to express its sincere appreciation to Mr. Thomas Lau for his invaluable contribution made to the Group during his tenure and takes this opportunity to welcome Mr. MW Lau for joining the Board.

By Order of the Board  
**Lam, Kwong-wai**  
Company Secretary

Hong Kong, 15th December, 2006

*As at the date of this announcement (upon the above change of directors), the Board comprises Mr. Joseph Lau, Luen-hung and Mr. Ming-wai Lau as Executive Directors, Ms. Amy Lau, Yuk-wai as Non-executive Director and Mr. Cheng, Kwee, Mr. Chan, Kwok-wai and Ms. Phillis Loh, Lai-ping as Independent Non-executive Directors.*

*Website: <http://www.chineseestates.com>*

“Please also refer to the published version of this announcement in The Standard.”