

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINESE ESTATES HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 127)

CLARIFICATION ANNOUNCEMENT

AND

RESUMPTION OF TRADING

Reference is made to the announcement of Chinese Estates Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 23 May 2012 (the “**Previous Announcement**”). Unless otherwise defined herein, capitalised terms defined in the Previous Announcement shall have the same meanings when used herein.

The Company wishes to clarify as follows:-

- (i) Mr. Lau strenuously denies the allegation leveled against him under the Accusation. Mr. Lau confirms, and the Company agrees, that Mr. Lau will continue to be able to discharge his duties as Executive Director of the Company and devote sufficient time in the management of the Company. The Company has considered the current situation. The Company’s current assessment is that the Accusation and any subsequent criminal proceedings (if any) against Mr. Lau will not have any material adverse effect on the operations or financial conditions of the Company.

At the meeting of the Board on 24 May 2012, the Board has resolved formation of a special committee, comprising Mr. Chan, Kwok-wai, Ms. Phillis Loh, Lai-ping and Mr. Ma, Tsz-chun, the Independent Non-executive Directors as the members (the “**Special Committee**”) with immediate effect to consider and handle all matters in relation to the Accusation. The Special Committee will keep a close watch of the development of this matter and its potential impact (if any) on the La Scala project of the Group and will review the position from time to time and take appropriate measures and/or make further announcement(s) as and when appropriate.

- (ii) The Board considers that it is in the best interest of the Company that Mr. Lau, who has not been convicted of any offence pursuant to the Accusation, shall remain as Executive Director, Chairman and Chief Executive Officer of the Company. The Company currently further intends to appoint Mr. Lam, Kwong-wai and Ms. Sue Chan, Sze-wan as additional Executive Directors as soon as practicable. At present, Mr. Lam is the Group Financial Controller and Company Secretary of the Company and Ms. Chan is the Manager of Sales and Leasing Department as well as the Assistant Sales and Marketing Manager of

Cosmetics Department (responsible for Two Girls products) of the Group. Ms. Chan is also the elder sister of Ms. Chan, Hoi-wan, an associate of Mr. Lau. A further announcement containing, inter alia, biographical details of Mr. Lam and Ms. Chan will be made by the Company in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) upon their appointments. Meanwhile, Mr. Lau, Mr. Lau, Ming-wai (being the son of Mr. Lau) and Ms. Amy Lau, Yuk-wai (being the younger sister of Mr. Lau) will abstain from voting in any meeting of the Board in relation to the Accusation.

The Special Committee will re-visit and assess the situation from time to time. Any further change in the management of the Company (if required) will be disclosed by way of an announcement of the Company.

The Board is not aware of any other matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

At the request of the Company, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited was suspended with effect from 9:00 a.m. on 24 May 2012 pending the release of this announcement and an application has been made for the resumption of trading of the shares of the Company with effect from 9:00 a.m. on 25 May 2012.

By order of the Board
Lam, Kwong-wai
Company Secretary

Hong Kong, 24 May 2012

As at the date of this announcement, the Board comprised Mr. Joseph Lau, Luen-hung as Executive Director, Mr. Lau, Ming-wai and Ms. Amy Lau, Yuk-wai as Non-executive Directors and Mr. Chan, Kwok-wai, Ms. Phillis Loh, Lai-ping and Mr. Ma, Tsz-chun as Independent Non-executive Directors.

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