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If you have sold or transferred all your Shares, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES RE-ELECTION OF DIRECTORS APPOINTMENT OF AUDITORS AMENDMENTS TO THE BYE-LAWS AND ADOPTION OF NEW BYE-LAWS AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting to be held at Oasis Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, No. 1 Harbour Road, Wanchai, Hong Kong on Friday, 25th May, 2012 at 11:00 a.m. is set out on pages 14 to 19 of this circular. A form of proxy for the Annual General Meeting is enclosed with this circular for despatch to the Shareholders together with the annual report of the Company for the year ended 31st December, 2011. Whether or not you intend to attend and/or vote at the Annual General Meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time for holding the Annual General Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof (as the case may be) should you so wish.

25th April, 2012

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Should there be any discrepancy between English and Chinese versions, the English version shall prevail.

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“Annual General Meeting”	the annual general meeting of the Company to be held at Oasis Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, No. 1 Harbour Road, Wanchai, Hong Kong on Friday, 25th May, 2012 at 11:00 a.m. or any adjournment thereof (as the case may be), notice of which is set out on pages 14 to 19 of this circular
“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Company”	Chinese Estates Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“General Mandate”	a general and unconditional mandate to the Directors to issue, allot and deal with new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HLB”	HLB Hodgson Impey Cheng
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Latest Practicable Date”	19th April, 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	a general and unconditional mandate to the Directors to exercise the power of the Company to repurchase issued and fully-paid up Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD



CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

Executive Director:

Joseph Lau, Luen-hung

(Chairman and Chief Executive Officer)

Non-executive Directors:

Lau, Ming-wai *(Vice Chairman)*

Amy Lau, Yuk-wai

Independent Non-executive Directors:

Chan, Kwok-wai

Phillis Loh, Lai-ping

Ma, Tsz-chun

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

Principal Office in Hong Kong:

26th Floor

MassMutual Tower

38 Gloucester Road

Wanchai

Hong Kong

25th April, 2012

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES
RE-ELECTION OF DIRECTORS
APPOINTMENT OF AUDITORS
AMENDMENTS TO THE BYE-LAWS AND
ADOPTION OF NEW BYE-LAWS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with the notice of the Annual General Meeting as set out on pages 14 to 19 of this circular, and information regarding certain ordinary and special resolutions to be proposed at the Annual General Meeting to enable the Shareholders to make an informed decision on whether to vote for or against those resolutions.

LETTER FROM THE BOARD

The resolutions include (i) granting to the Directors the Repurchase Mandate; (ii) granting to the Directors a general and unconditional mandate (a) to issue new Shares representing up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution and (b) to issue additional new Shares in an amount not exceeding the aggregate nominal amount of Shares repurchased pursuant to the Repurchase Mandate; (iii) approving the re-election of Directors; (iv) approving the appointment of auditors; and (v) approving the amendments to the Bye-law and adoption of a new set of Bye-laws.

GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to exercise all powers of the Company to repurchase issued Shares subject to the criteria set out in this circular. The maximum number of Shares that may be repurchased pursuant to the Repurchase Mandate will be such number which represents 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution subject to the Listing Rules. The Repurchase Mandate will lapse on the earliest of, the date of the next annual general meeting, or the date by which the next annual general meeting of the Company is required to be held by laws and/or the Bye-laws, or the date upon which such authority is revoked or varied by ordinary resolution of the Company in general meeting.

In accordance with the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate which is set out in the appendix to this circular.

GENERAL MANDATE TO ISSUE NEW SHARES

At the Annual General Meeting, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to issue, allot and deal with new Shares representing up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution.

Subject to the passing of the aforesaid ordinary resolutions of the Repurchase Mandate and the General Mandate, an ordinary resolution will also be proposed to authorise the Directors to issue additional new Shares in an amount not exceeding the aggregate nominal amount of the Shares repurchased pursuant to the Repurchase Mandate.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 111. of the Bye-laws, Mr. Lau, Ming-wai (“Mr. Lau”) and Mr. Chan, Kwok-wai (“Mr. Chan”) will retire from office by rotation as Directors at the Annual General Meeting and being eligible, offer themselves for re-election. Details of the Directors who are proposed to be re-elected at the Annual General Meeting are as follows:

Mr. Lau, Ming-wai

Aged 31, has been a Director of the Company since 15th December, 2006. He is a Non-executive Director and the Vice Chairman of the Company and acts as a director of certain subsidiaries of the Company. Mr. Lau holds a Bachelor Degree of Laws from King’s College London, a Master Degree of Laws from The London School of Economics and Political Science, and a Doctor Degree of Philosophy in Laws from King’s College London. He worked at The Goldman Sachs Group, Inc. and Longview Partners LP, both in London prior to joining the Company. Mr. Lau is a registered attorney in the State of New York and a CFA (Chartered Financial Analyst) charterholder. He is the son of Mr. Joseph Lau, Luen-hung, the Chairman and Chief Executive Officer of the Company, and the nephew of Ms. Amy Lau, Yuk-wai, a Non-executive Director of the Company.

No service contract has been entered into between the Company and Mr. Lau. He was 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. Mr. Lau is entitled to a director’s fee of HK\$240,000 per annum which was determined by the Board with reference to his duties and responsibilities as well as the prevailing market condition and is subject to annual review.

Save as disclosed above, Mr. Lau does not hold any other position with the Group; and is not connected and has no other relationship with any Director, senior management or substantial or controlling shareholder of the Company. He did not hold any directorship in other listed public company in the last three years before the Latest Practicable Date.

Mr. Lau is an eligible beneficiary of a discretionary trust which is interested in 230,984,820 Shares as at the Latest Practicable Date. He is also an eligible beneficiary of another discretionary trust which is interested in 1,199,715,948 Shares as at the Latest Practicable Date. Apart from these, Mr. Lau does not have any other interests in Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

There is nothing required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules, nor is there any other matter which needs to be brought to the attention of the Shareholders in connection with Mr. Lau’s re-election.

LETTER FROM THE BOARD

Mr. Chan, Kwok-wai

Aged 53, has been an Independent Non-executive Director of the Company since 28th September, 2004. He is the chairman of the audit committee and remuneration committee of the Company. He has been appointed as a member of the nomination committee of the Company effective from April 2012. Mr. Chan holds a Bachelor Degree of Business Administration from the Monash University, Australia. He is also an associate member of CPA Australia and a member of the Hong Kong Securities Institute. He has over 32 years of experience in finance and accounting industries. Mr. Chan is currently a director of High Progress Consultants Limited. He is also an independent non-executive director of Junefield Department Store Group Limited, China Investments Holdings Limited, Tern Properties Company Limited, National Electronics Holdings Limited and Far East Consortium International Limited, the shares of all of which are listed on the Stock Exchange.

No service contract has been entered into between the Company and Mr. Chan. He was 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. Mr. Chan is entitled to a director's fee of HK\$240,000 per annum which was determined by the Board with reference to his duties and responsibilities as well as the prevailing market condition and is subject to annual review.

Save as disclosed above, Mr. Chan did not hold any directorship in other listed public company in the last three years before the Latest Practicable Date; and does not hold any other position with the Group. He is not connected and has no relationship with any Director, senior management or substantial or controlling shareholder of the Company. Mr. Chan did not have any interest in Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

There is nothing required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules, nor is there any other matter which needs to be brought to the attention of the Shareholders in connection with Mr. Chan's re-election.

Pursuant to A.5.5 of Appendix 14 of the Listing Rules, the Board is of the opinion that the performance of Mr. Chan as Independent Non-executive Director of the Company was satisfactory and he had contributed a lot to the Company in the past years and it is in the interests of the Company and the Shareholders as a whole if Mr. Chan can continue to serve the Company. Mr. Chan has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board considers that Mr. Chan meets the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of the guidelines.

LETTER FROM THE BOARD

APPOINTMENT OF AUDITORS

The Board has received a notice from HLB, the auditors of the Company informing that as a result of business reorganization of HLB from partnership to a limited company as HLB Hodgson Impey Cheng Limited, HLB will not offer themselves for re-appointment as auditors of the Company and will retire at the conclusion of the Annual General Meeting.

HLB have confirmed that there are no matters in connection with their retirement as auditors that need to be brought to the attention of the Shareholders.

A notice of the intention to propose an ordinary resolution to be passed at the Annual General Meeting has been received from a Shareholder pursuant to section 89(3) of the Companies Act 1981 of Bermuda as follows:–

“THAT HLB Hodgson Impey Cheng Limited be appointed as auditors of the Company in lieu of the retiring auditors, Messrs HLB Hodgson Impey Cheng, until the conclusion of the next annual general meeting of the Company at a fee to be agreed with the Directors.”

The Board considers that HLB have merely changed their entity status from partnership to a limited company and it is in the interests of the Company and the Shareholders as a whole if HLB can continue to serve the Company as auditors. It is proposed that HLB Hodgson Impey Cheng Limited shall be appointed as auditors of the Company in lieu of the retiring auditors HLB for the ensuing year, at a fee to be agreed with the Directors.

The Board confirms that there are no circumstances in respect of the proposed change of auditors that need to be brought to the attention of the Shareholders.

AMENDMENTS TO THE BYE-LAWS AND ADOPTION OF NEW BYE-LAWS

The Directors propose to seek approval from the Shareholders at the Annual General Meeting to amend the existing Bye-laws so as to bring the constitution of the Company in line with certain recent amendments made to the Listing Rules and to adopt a new set of Bye-laws which consolidates such proposed amendments and all previous amendments made pursuant to resolutions passed by the Shareholders at previous general meetings.

The proposed amendments to the Bye-laws relate to the removal of the exception that a Director may vote (or be counted in the quorum) on any proposal concerning any other company in which he or his associates are interested, whether directly or indirectly, provided that he or any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company or of the voting rights.

LETTER FROM THE BOARD

The existing Bye-law 102.(A)(ii) to (iv) is as follows:–

“(ii) A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his associate(s) has/have a material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution), but this prohibition shall not apply to any of the following matters namely:–

- (a) the giving of any security or indemnity either:
 - (aa) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (bb) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associates(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (b) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting of sub-underwriting of the offer;
- (c) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associate(s) is derived) or of the voting rights;

LETTER FROM THE BOARD

- (d) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (aa) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme involving the issue or grant of options over shares or other securities by the Company under which the Director or his associate(s) may benefit; or
 - (bb) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
 - (e) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.
- (iii) A company shall be deemed to be a company in which a Director and/or any of his associates owns five (5) per cent. or more of the issued shares of any class of the equity share capital of such company or of the voting rights of any class of shares of such company if and so long as (but only if and so long as) he and/or his associate is/are (either directly or indirectly) the holder of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company (or of any third company through which his/their interest is derived) or of the voting rights of any class of shares available to shareholders of the Company. For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder.
- (iv) Where a company in which a Director and/or any of his associates holds five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights of any class of shares available to shareholders of the Company is materially interested in a transaction, then that Director shall also be deemed materially interested in such transaction."

LETTER FROM THE BOARD

After the proposed amendments to the existing Bye-laws as set out in the notice of the Annual General Meeting, the existing Bye-law 102.(A)(ii)(c), 102.(A)(iii) and 102.(A)(iv) will be deleted so that the new Bye-law 102.(A)(ii) to (iv) will be as follows:–

“(ii) A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his associate(s) has/have a material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution), but this prohibition shall not apply to any of the following matters namely:–

- (a) the giving of any security or indemnity either:
 - (aa) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (bb) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associates(s) has himself/ themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (b) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting of sub-underwriting of the offer;
- (c) [Intentionally deleted]
- (d) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (aa) the adoption, modification or operation of any employees’ share scheme or any share incentive or share option scheme involving the issue or grant of options over shares or other securities by the Company under which the Director or his associate(s) may benefit; or

LETTER FROM THE BOARD

- (bb) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (e) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.
- (iii) [Intentionally deleted]
- (iv) [Intentionally deleted]”

The proposed amendments to the existing Bye-laws and the adoption of a new set of Bye-laws are subject to the approval of the Shareholders by way of passing a special resolution at the Annual General Meeting.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out on pages 14 to 19 of this circular. At the Annual General Meeting, in addition to the ordinary business of the meeting, ordinary resolutions will be proposed to approve the Repurchase Mandate, the General Mandate and the extension of the General Mandate to the Shares repurchased pursuant to the Repurchase Mandate, and a special resolution will be proposed to approve the amendments to the Bye-laws and adoption of a new set of Bye-laws.

A form of proxy for the Annual General Meeting is enclosed with this circular for despatch to Shareholders together with the annual report of the Company for the year ended 31st December, 2011. Whether or not you intend to attend and/or vote at the Annual General Meeting in person, you are requested to complete the form of proxy and return it to the Company’s branch registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, in accordance with the instructions printed thereon as soon as practicable but in any event not less than 48 hours before the time for holding the Annual General Meeting or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof (as the case may be) in person should you so wish.

LETTER FROM THE BOARD

RIGHT TO DEMAND A POLL

Pursuant to Bye-law 75. of the Bye-laws, a resolution put to the vote at any general meeting shall be decided on a show of hands, unless a poll is required by the Listing Rules or (before or on the declaration of the result of the show of hands) demanded by:

- (a) the chairman of the meeting; or
- (b) at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (c) any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

Pursuant to Rule 13.39(4) of the Listing Rules, the vote of shareholders at a general meeting must be taken by poll. The Company will procure the chairman of the Annual General Meeting to demand for voting by poll at the Annual General Meeting. Computershare Hong Kong Investor Services Limited, the branch registrar and transfer office of the Company in Hong Kong, will serve as the scrutineers for the vote-taking.

RECOMMENDATION

The Directors are of the opinion that proposals regarding the granting of the Repurchase Mandate, the General Mandate, and the extension of the General Mandate to the Shares repurchased pursuant to the Repurchase Mandate, re-election of Directors, appointment of auditors and amendments to the Bye-laws and adoption of a new set of Bye-laws are in the best interests of the Company and the Shareholders as a whole and recommend you to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
Joseph Lau, Luen-hung
Chairman

This appendix serves as an explanatory statement, as required under Rule 10.06(1)(b) of the Listing Rules, to provide requisite information to Shareholders for their consideration of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued and fully-paid share capital of the Company was 1,907,619,079 Shares of HK\$0.10 each.

Subject to the passing of the ordinary resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 190,761,907 Shares, being 10% of the entire issued share capital of the Company.

2. REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as repurchases of Shares may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value per Share and/or earnings per Share, and an ability to do so would give the Company additional flexibility. Shareholders can be assured that the Directors would only make such repurchases in circumstances where they consider them to be in the best interests of the Company.

3. FUNDING OF REPURCHASES

In making repurchases, the Company may only apply funds legally available for such purposes in accordance with the Bye-laws and the laws of Bermuda. The laws of Bermuda provide that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the funds of the company that would otherwise be available for dividend or distribution or the proceeds of a fresh issue of shares made for the purpose. The premium payable on repurchases may only be paid out of either the funds of the company that would otherwise be available for dividend or distribution or out of the company's share premium account before the shares are repurchased. In accordance with the laws of Bermuda, the shares so repurchased would be treated as cancelled but the amount of authorised share capital would not be reduced.

On the basis of the financial position of the Company as at 31st December, 2011 as disclosed in the audited consolidated financial statements contained in the Company's annual report for the year ended 31st December, 2011, and in particular the working capital position of the Company at that time and the number of Shares now in issue, the Directors consider that there might be a material adverse impact on the working capital position and the gearing position of the Company in the event that repurchases of all the Shares subject to the Repurchase Mandate were to be carried out in full at any time during the Repurchase Mandate period. No repurchase would be made in circumstances that would have a material adverse impact on the working capital position or the gearing position of the Company.

4. PRICES OF SHARES

The highest and lowest prices at which the Shares traded on the Stock Exchange during each of the previous twelve months up to the Latest Practicable Date are as follows:

	Price per Share	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
April 2011	14.88	13.80
May 2011	14.74	13.02
June 2011	14.10	12.78
July 2011	13.60	13.10
August 2011	13.54	11.04
September 2011	13.68	12.68
October 2011	12.94	12.04
November 2011	12.90	12.24
December 2011	12.68	12.08
January 2012	12.60	12.24
February 2012	13.26	12.20
March 2012	12.56	10.20
April 2012 (up to the Latest Practicable Date)	11.18	10.36

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

No connected persons of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is granted by the Shareholders.

6. THE TAKEOVERS CODE

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of a share repurchase, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code and, if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a mandatory offer for Shares under Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Mr. Joseph Lau, Luen-hung together with his associates (as defined in the Takeovers Code) had deemed interests in the Shares representing approximately 74.99% of the issued share capital of the Company.

In the event that the Directors exercise in full the Repurchase Mandate which is to be approved by the Shareholders, the shareholding in the Company of Mr. Joseph Lau, Luen-hung together with his associates would be increased to approximately 83.33% of the issued share capital of the Company. The Directors are not aware of such an increase would give rise to an obligation to make a mandatory offer under the Takeovers Code if the Repurchase Mandate was to be exercised in full.

Assuming that there is no further issue of Shares between the Latest Practicable Date and the date of repurchase, the exercise of the Repurchase Mandate whether in whole or in part will result in less than 25% of the issued share capital of the Company being held by the public as required by Rule 8.08 of the Listing Rules. The Directors, however, have no present intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than such prescribed percentage.

7. SHARE REPURCHASES MADE BY THE COMPANY

The Company has not repurchased any Shares (whether on the Stock Exchange or otherwise) during the six months preceding the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING



CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Chinese Estates Holdings Limited (the “Company”) will be held at Oasis Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, No. 1 Harbour Road, Wanchai, Hong Kong on Friday, 25th May, 2012 at 11:00 a.m. (the “Meeting”) for the following purposes:

As Ordinary Business

1. To receive and consider the audited consolidated Financial Statements, Directors’ Report and Auditors’ Report for the year ended 31st December, 2011.
2. To approve payment of final dividend for the year ended 31st December, 2011.
3. To re-elect retiring Directors and to authorise the Board to fix the remuneration of the Directors.
4. To appoint HLB Hodgson Impey Cheng Limited as Auditors and to authorise the Board to fix the remuneration of the Auditors.

As Special Business

5. To consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution of the Company:

“THAT:

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period of all powers of the Company to repurchase issued shares of HK\$0.10 each in the capital of the Company subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time be and is hereby generally and unconditionally approved;

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- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors of the Company and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its shares at a price determined by the Directors;
- (c) the aggregate nominal amount of the shares which are authorised to be repurchased by the Directors of the Company pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution:

“Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by laws and/or the Company’s Bye-laws to be held; or
- (iii) the date upon which the authority set out in this resolution is revoked or varied by ordinary resolution of the Company in general meeting.”

6. To consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution of the Company:

“THAT:

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period of all powers of the Company to issue, allot and deal with new shares in the capital of the Company and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;

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- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors of the Company and shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval granted in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue, or (ii) the share award scheme or the share option scheme of the Company approved by The Stock Exchange of Hong Kong Limited, or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution:

“Relevant Period” shall have the same meaning as ascribed to it under resolution no. 5(d) as set out in the notice convening the Meeting of which this resolution forms part; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of or any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange, in any territory outside Hong Kong).”

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7. To consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution of the Company:

“**THAT** conditional upon the passing of the resolutions no. 5 and 6 as set out in the notice convening the Meeting, the general mandate granted to the Directors of the Company pursuant to the resolution no. 6 as set out in the notice convening the Meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of issued share capital of the Company repurchased by the Company under the authority granted pursuant to the resolution no. 5 as set out in the notice convening the Meeting, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution.”

8. To consider and, if thought fit, pass with or without amendments, the following resolution as Special Resolution of the Company:

“**THAT:**

- (I) the Bye-laws of the Company (the “Bye-laws”) be amended in the following manner:–

(a) Bye-law 102.(A)(ii)(c)

By deleting the existing Bye-law 102.(A)(ii)(c) in its entirety and replacing it with the words “[Intentionally deleted]”;

(b) Bye-law 102.(A)(iii)

By deleting the existing Bye-law 102.(A)(iii) in its entirety and replacing it with the words “[Intentionally deleted]”; and

(c) Bye-law 102.(A)(iv)

By deleting the existing Bye-law 102.(A)(iv) in its entirety and replacing it with the words “[Intentionally deleted]”; and

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- (II) a new set of Bye-laws which consolidates all of the proposed amendments referred to in paragraph (I) above and all previous amendments made pursuant to resolutions passed by the shareholders of the Company at previous general meetings, a copy of which is produced to the Meeting and marked “A” and initialed by the Chairman of the Meeting for the purpose of identification, be and is hereby adopted as the new Bye-laws of the Company in substitution for and to the exclusion of the existing Bye-laws of the Company with immediate effect.”

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

Hong Kong, 25th April, 2012

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Notes:

1. The register of members will be closed from 22nd May, 2012 to 25th May, 2012, both days inclusive. For the purpose of ascertaining the members' eligibility to the attendance of the Meeting, all share transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 21st May, 2012.
2. Any shareholder of the Company (the "Shareholder(s)") entitled to attend and vote at the Meeting is entitled to appoint one or more separate proxies to attend and to vote instead of him. A proxy need not be a Shareholder.
3. To be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at the Company's branch registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or at any adjournment thereof.
4. All resolutions as set out in this notice will be taken by poll at the Meeting.
5. With respect to the resolution no. 5 of this notice, approval is being sought from Shareholders for a general mandate to be given to the Directors to repurchase shares of the Company in accordance with all applicable laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").
6. With respect to the resolutions no. 6 and 7 of this notice, approval is being sought from Shareholders for general mandates to be given to the Directors to issue, allot and deal with shares of the Company in accordance with all applicable laws and the Listing Rules.
7. With respect to the resolution no. 8 of this notice, approval is being sought from Shareholders to amend the Bye-laws and adopt a new set of Bye-laws.
8. A circular containing the information with respect to certain resolutions and this notice have been sent to the Shareholders together with the annual report of the Company for the year ended 31st December, 2011.
9. As at the date hereof, 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.