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CAPITAL ESTATE LIMITED

冠中地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 193)

PROPOSED SUBDIVISION OF SHARES AND CHANGE OF BOARD LOT SIZE

The Board proposes that each of the existing issued and unissued shares of HK\$1.00 each in the share capital of the Company would be subdivided into five shares of HK\$0.20 each. The Share Subdivision is conditional upon fulfillment of the conditions set out under the paragraph headed “Conditions of the Share Subdivision” below.

The Shares are currently traded in board lots of 2,000 Shares. Upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 5,000 Subdivided Shares.

A circular containing, amongst other things, details of the Share Subdivision, the trading arrangements in respect of the Subdivided Shares and the procedure for the free exchange of Existing Share Certificates, together with the notice of the EGM will be dispatched to Shareholders as soon as practicable.

1. PROPOSED SUBDIVISION OF SHARES AND CHANGE OF BOARD LOT SIZE

The Board proposes that each of the existing issued and unissued shares of HK\$1.00 each in the share capital of the Company would be subdivided into five shares of HK\$0.20 each. The Share Subdivision will become effective upon the fulfillment of the conditions set out below.

The Shares are currently traded in board lots of 2,000 Shares. Upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 5,000 Subdivided Shares. The change of board lots will not result in any change in the relative rights of the Shareholders.

2. REASONS FOR THE SHARE SUBDIVISION AND CHANGE OF BOARD LOT SIZE

The Board believes that the reduced amount of investment per board lot of the Subdivided Shares traded at a lower price as a result of Share Subdivision and the change in board lot size (i.e. for illustration purpose, by using the closing price of HK\$2.575 per Share on the date of this announcement, the existing board lot of 2,000 Shares would worth HK\$5,150; whilst upon completion of the Share Subdivision, the theoretical share price will become HK\$0.515 per Subdivided Share and under the new board lot size of 5,000 Subdivided Shares, the new board lot of 5,000 Subdivided Shares will worth HK\$2,575) will

further improve the liquidity in trading of the Shares, thereby enabling the Company to attract more investors and widen the Company's shareholder base. Given the background to and benefits of the Share Subdivision as mentioned above, the Board believes the Share Subdivision to be in the interests of the Company and its Shareholders.

The Board considers that the Share Subdivision will not have any adverse effect on the financial position of the Company.

3. CAPITAL STRUCTURE

As at the date of this announcement, the authorised share capital of the Company is HK\$2,000,000,000 divided into 2,000,000,000 Shares, of which 264,931,468 Shares are in issue and fully paid. Assuming that no further Shares will be issued or repurchased after the date of this announcement and prior to the Share Subdivision becoming effective, the effect of the Share Subdivision to the capital structure of the Company is set out below:

	Immediately before completion of the Share Subdivision	Immediately after completion of the Share Subdivision
Par Value of each share	HK\$1.00	HK\$0.20
Number of authorised shares	2,000,000,000 Shares	10,000,000,000 Subdivided Shares
Authorised share capital	HK\$2,000,000,000	HK\$2,000,000,000
Number of shares in issue	264,931,468 Shares	1,324,657,340 Subdivided Shares
Issued share capital	HK\$264,931,468	HK\$264,931,468
Number of unissued shares	1,735,068,532 Shares	8,675,342,660 Subdivided Shares
Unissued share capital	HK\$1,735,068,532	HK\$1,735,068,532

The Subdivided Shares will rank *pari passu* in all respect with each other and the Share Subdivision will not result in any change in the rights of the Shareholders.

The Share Subdivision and the increase in size of the board lot after the Share Subdivision has become effective will not result in any odd lots other than those which already exist.

4. ADJUSTMENT TO THE EXERCISE PRICE AND THE NUMBER OF SHARES RELATING TO THE SHARE OPTION SCHEME OF THE COMPANY

As at the date of this announcement, there are outstanding share options granted by the Company which entitle the holders thereof to subscribe for a total of 1,242,000 Shares at option prices as follows:

Date of grant	Exercise price per share (HK\$)	Number of Shares issuable on the exercise of the outstanding share options as at the date of this announcement
20 November 2003	2.34	416,000
17 March 2004	2.40	826,000
Total		<u>1,242,000</u>

Upon the Share Subdivision becoming unconditional and effective, it is expected that the number of Subdivided Shares and the option price in respect of the outstanding share options of the Company will be adjusted. Details of such adjustment will be made in a further announcement and will also be contained in the circular to be dispatched to the Shareholders as referred to below.

5. CONDITIONS OF THE SHARE SUBDIVISION

The Share Subdivision is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at the EGM; and
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subdivided Shares.

6. EXPECTED TIMETABLE

It is currently expected that the Share Subdivision will become effective on Wednesday, 21 December 2005. The expected timetable for the implementation of the Share Subdivision and the associated trading arrangement are set out as follows:

2005

Circular relating to the Share Subdivision	
to be dispatched on or before	Wednesday, 30 November
Latest time for lodging forms of	
proxy for the EGM	10:00 a.m. on Sunday, 18 December
Expected date of the EGM	10:00 a.m. on Tuesday, 20 December
Effective date of the Share Subdivision	Wednesday, 21 December
Dealings in the Subdivided Shares commence	Wednesday, 21 December

Original counter for trading in existing
Shares in board lots of 2,000 Shares
temporarily closes 9:30 a.m. on Wednesday, 21 December

Temporary counter for trading in board lots of
10,000 Subdivided Shares (in the form of
certificates of existing Shares
(**“Existing Share Certificates”**)) opens 9:30 a.m. on Wednesday, 21 December

First day of free exchange of Existing Share
Certificates for new certificates for the
Subdivided Shares (**“New Share Certificates”**) Wednesday, 21 December

2006

Original counter for trading in Subdivided
Shares in board lots of 5,000 Subdivided
Shares (in the form of New Share
Certificates) re-opens 9:30 a.m. on Monday, 9 January

Parallel trading in Subdivided Shares
(in the form of New Share Certificates and
the Existing Share Certificates) commences 9:30 a.m. on Monday, 9 January

Parallel trading in Subdivided Shares
(in the form of New Share Certificates and
the Existing Share Certificates) ends 4:00 p.m. on Wednesday, 1 February

Temporary counter for trading in board lots of
10,000 Subdivided Shares (in the form of
Existing Share Certificates) closes 4:00 p.m. on Wednesday, 1 February

Last day for free exchange of Existing Share
Certificates for New Share Certificates Monday, 6 February

The Existing Share Certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. on Wednesday, 1 February 2006 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the Existing Share Certificates will continue to be good evidence of legal title to the Subdivided Shares on the basis of one Share for five Subdivided Shares and may be exchanged free of charge for the New Share Certificates for Subdivided Shares at any time between Wednesday, 21 December 2005 and Monday, 6 February 2006, and on payment of a prescribed fee any time after 4:00 p.m. on Monday, 6 February 2006. It is expected that New Share Certificates will be available for collection within a period of 10 business days after the submission of the Existing Share Certificates.

The New Share Certificates will be issued in pink colour in order to distinguish them from Existing Share Certificates which are in orange colour.

7. GENERAL

An application will be made to the Stock Exchange for the listing of and permission to deal in the Subdivided Shares.

A circular containing, amongst other things, details of the Share Subdivision, the trading arrangements in respect of the Subdivided Shares and the procedure for the free exchange of Existing Share Certificates, together with a notice to convene the EGM, will be dispatched to Shareholders as soon as practicable. An ordinary resolution to approve the Share Subdivision will be proposed at the EGM.

Further announcement will be made by the Company as soon as the Share Subdivision becomes unconditional.

8. DEFINITIONS

The following expressions shall, unless the context otherwise requires, have the following meanings in this announcement:

“Board”	the board of directors of the Company
“Company”	Capital Estate Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“EGM”	an extraordinary general meeting of the Company to be convened for approving the Share Subdivision
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Subdivision”	the subdivision of Shares into five shares of HK\$0.20 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company upon the Share Subdivision becoming effective
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the People’s Republic of China

By Order of the Board of
Capital Estate Limited
Chu Nin Yiu, Stephen
Executive Chairman

Hong Kong, 9 November 2005

As at the date of this announcement, the Board comprises Mr. Chu Nin Yiu, Stephen, Mr. Chu Nin Wai, David, Mr. Lau Chi Kan, Michael as executive directors and Mr. Li Sze Kuen, Billy, Mr. Wong Kwong Fat and Mr. Leung Kam Fai as independent non-executive directors.

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