

*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.*



## **CAPITAL ESTATE LIMITED** **冠中地產有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 193)

### **CLARIFICATION ANNOUNCEMENT**

Reference is made to the announcements of the Company dated 16 April 2009 and 6 May 2009.

The Company wishes to clarify that the net proceeds from the Subscription of approximately HK\$199.1 million (after deducting estimated expenses relating to the Subscription) are intended to be utilised as to approximately HK\$171.8 million for settling all the outstanding balance payable to Mason Creation Limited under the Hotel Fortuna Acquisition and as to approximately HK\$27.3 million, being the remaining balance, for general working capital purposes.

For the purposes of the Takeovers Code, as the net proceeds from the Subscription is now no longer intended to be applied towards the indebtedness due to Upper Way, the special deal implication under Rule 25 of the Takeovers Code ceased to be applicable. Accordingly, no application will be made to the Executive in respect of the relevant special deal consent.

Reference is made to the announcements of the Company dated 16 April 2009 and 6 May 2009 with regard to, among other things, the Subscription and the Whitewash Waiver (together the “Announcements”). Unless otherwise defined therein, terms used herein shall have the same meanings as those defined in the Announcements.

As set out in the announcement of the Company dated 16 April 2009, the Company initially intended to use the net proceeds from the Subscription as to approximately HK\$170 million for settling the outstanding balance payable to each of the Hotel Fortuna Vendors in relation to the Hotel Fortuna Acquisition and as to approximately HK\$29.1 million for general working capital purposes.

Having further discussed with the Subscriber and considered the fact that (i) Mr. Sio and Mr. Si (who are the beneficial owners interested as to 70% and 30%, respectively, in the Subscriber) are only interested in one of the Hotel Fortuna Vendors, namely, Mason Creation Limited; and (ii) the aggregate outstanding balance (including interest accrued to date) payable to the Hotel Fortuna Vendors amounts to approximately HK\$286.3 million of which approximately HK\$171.8 million is due to Mason Creation Limited, the Company now decides that the net proceeds from the Subscription will be applied towards the settlement of all the outstanding balance payable to Mason Creation Limited only, rather than to each of the Hotel Fortuna Vendors as previously announced. Under the Hotel Fortuna Acquisition agreement, the consideration payable to the Hotel Fortuna Vendors can be paid at any time within three years of completion of the Hotel Fortuna Acquisition, i.e. on or before 31 December 2011.

Accordingly, the Company wishes to clarify in this announcement that the net proceeds from the Subscription of approximately HK\$199.1 million (after deducting estimated expenses relating to the Subscription) are intended to be utilised as to approximately HK\$171.8 million for settling all the outstanding balance payable to Mason Creation Limited under the Hotel Fortuna Acquisition and as to approximately HK\$27.3 million, being the remaining balance, for general working capital purposes.

In addition, as set out in the announcement of the Company dated 6 May 2009, in view of the fact that a shareholder of Upper Way (which is one of the Hotel Fortuna Vendors), together with his spouse, held a total of 6,310,000 Shares (representing approximately 0.047% of the issued share capital of the Company), the use of proceeds from the Subscription would constitute a special deal under Note 5 to Rule 25 of the Takeovers Code if the proceeds were applied towards the indebtedness due to Upper Way. For the purposes of the Takeovers Code, as the net proceeds from the Subscription is now no longer intended to be applied towards the indebtedness due to Upper Way, the special deal implication under Rule 25 of the Takeovers Code ceased to be applicable. Accordingly, no application will be made to the Executive in respect of the relevant special deal consent.

Furthermore, pursuant to Rule 25 of the Takeovers Code and except with the consent of the Executive, neither the Subscriber nor any person acting in concert with it may make any arrangements with Shareholders for six months after the close of the Subscription if such arrangements have favourable conditions which are not to be extended to all Shareholders. In this connection, the Company wishes to state that it will fully comply with such requirements of the Takeovers Code.

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

Hong Kong, 13 May 2009

*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.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any such statements in this announcement misleading.*