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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)

PROFIT WARNING

This announcement is made pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (the “**SFO**”).

The board of the directors (the “**Board**”) of Capital Estate Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on information currently available, the audited consolidated result of the Group for the year ending 31 July 2018 is expected to be adversely affected by a potential impairment loss on the available-for-sale investment of approximately HK\$50,098,000.

The potential impairment loss is attributable to the expected write off of the Group’s investment in 5% interest in the issued share capital of Sociedade De Investimento Imobiliário Pun Keng Van, SARL (the “**Macau Company**”), the principal asset of which is a piece of land (the “**Property**”) site at Avenida Commercial de Macau. The carrying amount of the Group’s interests in the Macau Company as at 31 January 2018 was HK\$50,098,000

Pursuant to the recent official gazette of the Macau Special Administrative Region of the People’s Republic of China (“**Macau**”), the term of the land concession in respect of the Property has expired and the Macau Authorities declared that the land concession has become invalid. The Property will accordingly be resumed by the Macau government at nil consideration. The Group has been informed by the Macau Company that a judicial appeal has been lodged against such resumption. The impairment is a non-cash item which has no impact on the operation and cash flows of the Group and the financial position of the Group remains healthy.

The information contained in this announcement is only based on the preliminary assessment according to figures and information that have not been audited by the Company's auditors. Details of the Group's performance for the year ending 31 July 2018 will be finalised and disclosed in its annual results announcement to be issued in October 2018.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

By Order of the Board
CAPITAL ESTATE LIMITED
Hung Yat Ming
Company Secretary

Hong Kong, 25 June 2018

As at the date of this announcement, the Board comprises Mr. Sio Tak Hong, 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.