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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 SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) Existing Shares will be consolidated into one (1) Consolidated Share. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the EGM.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 15,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 15,000 Existing Shares to 3,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

GENERAL

The Share Consolidation is conditional upon, among other things, the passing of an ordinary resolution by the Shareholders at the EGM and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Share Consolidation. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution relating to the proposed Share Consolidation.

A circular containing, among other things, details of the Share Consolidation and the Change in Board Lot Size, and the notice convening the EGM is expected to be despatched to the Shareholders on or about Friday, 15 February 2019.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraphs headed "Conditions of the proposed Share Consolidation" below. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) Existing Shares will be consolidated into one (1) Consolidated Share.

Conditions of the proposed Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution to approve the Share Consolidation by the Shareholders at the EGM; and
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares.

Subject to the satisfaction of all the above conditions, it is expected that the Share Consolidation will become effective on the Effective Date, i.e. being the next Business Day immediately following the date of passing the ordinary resolution approving the Share Consolidation at the EGM.

Effects of the proposed Share Consolidation

As at the date of this announcement, 3,886,751,193 Existing Shares have been allotted and issued. Upon the Share Consolidation becoming effective and assuming that no new Existing Shares are issued or repurchased from the date hereof until the Effective Date, not less than 194,337,559 Consolidated Shares will be in issue.

Status of the Consolidated Shares

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the shareholdings, proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

Listing application

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day

thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchanges other than the Stock Exchange, and at the time when the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 15,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 15,000 Existing Shares to 3,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.086 per Existing Share (equivalent to the theoretical closing price of HK\$1.72 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK\$1,290; (ii) the value of each board lot of 15,000 Consolidated Shares would be HK\$25,800 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 3,000 Consolidated Shares would be HK\$5,160 assuming that the Change in Board Lot Size had also been effective.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm to provide a matching service, on a best efforts basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular of the Company.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is currently expected to be on Wednesday, 13 March 2019, being the Business Day immediately after the date of the EGM, the Shareholders may during the period from Wednesday, 13 March 2019 to Tuesday, 23 April 2019 (both days inclusive) submit existing share certificates for the Existing Shares (in the colour of brown) to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, to exchange for new share certificates for the Consolidated Shares (in the colour of yellow) at the expense of the Company.

Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever is higher.

After 4:00 p.m. on Tuesday, 23 April 2019, trading will only be in Consolidated Shares. Share certificates for the Existing Shares will remain effective as documents of title and may be exchanged for share certificates for the Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

Adjustments in relation to other securities of the Company

The Company has no outstanding options, warrants or securities in issue which are convertible or exchangeable into Shares as at the date of this announcement.

REASONS FOR THE PROPOSED SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

According to the rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities.

The Board considers that the proposed Share Consolidation, resulting in HK\$1.72 per Consolidated Share (based on the current closing price of HK\$0.086 per Existing Share as at the date of the announcement), would enable the Company to comply with the trading requirements under the Listing Rules. Also, the Board believes that trading price per Share above HK\$1.00 will enhance the corporate image of the Company.

It is expected that the Share Consolidation and Change in Board Lot Size will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. The Board believes that this will make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor, and thus further broaden the shareholder base of the Company.

With a higher trading price of the Consolidated Shares and reduction in the transaction and handling costs as a proportion of the market value of each board lot, the Board believes that the Share Consolidation will enhance the corporate image of the Company so as to make investing in the Consolidated Shares more attractive to a broader range of institutional and professional investors and other members of the investing public.

In view of the above reasons, the Company considers the proposed Share Consolidation and Change in Board Lot Size is justifiable notwithstanding of the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation and Change in Board Lot Size is beneficial to and in the interests of the Company and the Shareholders as a whole.

The Company has also taken into account the effect of possible equity fund raising in the coming 12 months when determining the basis of the Share Consolidation and Change in Board Lot. Subject to prevailing market conditions in coming 12 months, the Group may consider fund raising activities to replenish its general working capital and/or to finance any potential business opportunities after completion of the Share Consolidation and Change in Board Lot. As at the date of this announcement, there is no understanding, agreement or arrangement for any such fund raising activity nor is there any plan or conclusion for the format of any such corporate actions or arrangements for such fund raising.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Consolidation and Change in Board Lot Size is as follows:

Despatch date of circular with notice of the EGM.	Friday, 15 February 2019
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the EGM	4:30 p.m. on Thursday, 7 March 2019
Closure of the register of members for the entitlement to attend and vote at the EGM	Friday, 8 March 2019 to Tuesday, 12 March 2019 (both days inclusive)
Latest date and time for lodging the proxy forms for the EGM.	2:30 p.m. on Sunday, 10 March 2019
Record date for attending the EGM.	Tuesday, 12 March 2019
Date and time of the EGM.	2:30 p.m. on Tuesday, 12 March 2019

Publication of announcement of voting results of the EGM	Tuesday, 12 March 2019
Effective date of the Share Consolidation	Wednesday, 13 March 2019
Dealing in the Consolidated Shares commence	9:00 a.m. on Wednesday, 13 March 2019
First day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	Wednesday, 13 March 2019
Original counter for trading in the Existing Shares in board lots of 15,000 Existing Shares temporarily closes	9:00 a.m. on Wednesday, 13 March 2019
Temporary counter for trading in the Consolidated Shares in board lots of 750 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 13 March 2019
Original counter for trading in the Consolidated Shares in board lots of 3,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Wednesday, 27 March 2019
Parallel trading in the Consolidated Shares (in form of new share certificates and existing share certificates) commences	9:00 a.m. on Wednesday, 27 March 2019
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on Wednesday, 27 March 2019
Temporary counter for trading in the Consolidated Shares in board lots of 750 Consolidated Shares (in the form of existing share certificates) closes	4:00 p.m. on Wednesday, 17 April 2019

Parallel trading in the Consolidated Shares
(in form of new share certificates and
existing share certificates) ends 4:00 p.m. on
Wednesday, 17 April 2019

Designated broker ceases to stand in the market
to provide matching services for odd lots of
the Consolidated Shares 4:00 p.m. on
Wednesday, 17 April 2019

Last day for free exchange of existing share certificates
for new share certificates for the Consolidated Shares Tuesday, 23 April 2019

The expected timetable set out above is subject to the results of the EGM and is therefore for indicative purpose only. All times and dates in this announcement refer to Hong Kong local times and dates. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve, among other things, the proposed Share Consolidation.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions relating to the proposed Share Consolidation at the EGM.

A circular containing, among other things, information regarding the proposed Share Consolidation and the Change in Board Lot Size, and the notice of the EGM is expected to be despatched to the Shareholders on or about Friday, 15 February 2019.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraphs headed "Conditions of the proposed Share Consolidation" above in this announcement. Accordingly, the Share Consolidation may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

DEFINITIONS

In this announcement, the following terms shall have the meanings ascribed to them below unless the context otherwise requires:

“Board”	the board of Directors;
“Business Day(s)”	day(s) (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong;
“CCASS”	the Central Clearing and Settlement System established and operated by the HKSCC;
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 15,000 Existing Shares to 3,000 Consolidated Shares;
“Company”	Capital Estate Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the main board of the Stock Exchange (stock code: 193);
“Consolidated Share(s)”	ordinary share(s) in the share capital of the Company immediately after the Share Consolidation becoming effective;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving (among other things) the Share Consolidation;
“Effective Date”	the date on which the Share Consolidation shall become effective, being the next Business Day immediately following the date of the passing of the ordinary resolution approving the Share Consolidation at the EGM;
“Existing Share(s)”	ordinary share(s) in the share capital of the Company before the Share Consolidation becomes effective;
“Group”	the Company and its subsidiaries;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Share Consolidation”	the proposed share consolidation of every twenty (20) issued Existing Shares into one (1) Consolidated Share;
“Share(s)”	Existing Share(s) and/or Consolidated Share(s), as the case may be;
“Shareholder(s)”	holder(s) of the Existing Share(s) or the Consolidated Shares, as the case may be;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

By Order of the Board
CAPITAL ESTATE LIMITED
Sio Tak Hong
Chairman

Hong Kong, 30 January 2019

As of the date this announcement, the board of directors of the Company 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.