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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)

**SUSPENSION OF OPERATION OF  
HOTEL FORTUNA, FOSHAN**

This announcement is made by Capital Estate Limited (the “Company” and together with its subsidiaries, the “Group”) in relation to Hotel Fortuna, Foshan (the “Hotel”) operated by the Group at Le Cong Zhen, Shun De District, Foshan, People’s Republic of China (the “PRC”).

The board (the “Board”) of directors of the Company announces that in response to the precautionary policies and measures implemented by the local government to deter the spread of novel coronavirus pneumonia (COVID-19) pandemic in the PRC (the “Pandemic”), the operation of the Hotel has been temporarily suspended since late January 2020 and will remain suspended until further notice.

In view of the uncertainty of the length of the suspension, only a minimal number of staff will be kept in order to maintain the hotel properties while a total of approximately 250 employees, representing approximately 90% of the Hotel’s staff, will be made redundant progressively to reduce unpromising cash outflow. They will be fully compensated in accordance with local employment laws and regulations.

The Group had bank balances and cash of HK\$357.0 million and marketable securities totalling HK\$251.0 million as of 31 July 2019. Taking into account the incidental losses and expenses arising from the temporary closure of the Hotel, the Board believes that the Group’s cash flow will not be significantly affected in the near term.

The Board will closely monitor the development of the Pandemic, formulate strategies and plans to tackle this unprecedented challenge and utilise its resources effectively to improve the Group’s return.

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

Hong Kong, 19 February 2020

*As of the date hereof, 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.*