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CEDARWOOD VENTURES LIMITED

(Incorporated in the British Virgin Islands with limited liability)



CAPITAL ESTATE LIMITED

冠中地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 193)

JOINT ANNOUNCEMENT

(1) ACQUISITION OF SALE SHARES IN CAPITAL ESTATE LIMITED BY CEDARWOOD VENTURES LIMITED;

(2) MANDATORY UNCONDITIONAL CASH OFFER BY SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF CEDARWOOD VENTURES LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN CAPITAL ESTATE LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY CEDARWOOD VENTURES LIMITED AND PARTIES ACTING IN CONCERT WITH IT);

(3) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE;

(4) APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER; AND

(5) RESUMPTION OF TRADING

Financial Adviser to the Offeror



SOMERLEY CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee



**華富建業企業融資
QUAM CAPITAL**

THE SALE AND PURCHASE AGREEMENT

The Company was informed by the Offeror that on 27 August 2024 (before trading hours), the Offeror and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Vendors had agreed to sell, and the Offeror had agreed to purchase, a total of 42,172,000 Sale Shares, free from Encumbrances, at an aggregate consideration of HK\$16,868,800.000, which is equivalent to HK\$0.400 per Sale Share. The Sale Shares represent approximately 21.700% of the total issued share capital of the Company as at the date of this joint announcement. The Acquisition was completed on the same date as the Sale and Purchase Agreement, being 27 August 2024.

As at the date of this joint announcement, the Company has 194,337,559 Shares in issue. Immediately prior to Completion, the Offeror and parties acting in concert with it were interested in 55,000,000 Shares, representing approximately 28.301% of the total issued share capital of the Company. Immediately upon Completion, the Offeror and parties acting in concert with it were interested in 97,172,000 Shares, representing approximately 50.002% of the total issued share capital of the Company.

Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it).

MANDATORY UNCONDITIONAL CASH OFFER

Somerley will, for and on behalf of the Offeror, make the Offer to acquire all the Offer Shares on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.400 in cash

The Offer Price of HK\$0.400 per Offer Share is equal to the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code.

The Offer Shares to be acquired under the Offer shall be fully paid and free from any Encumbrances together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document.

The Company confirms that as at the date of this joint announcement, (i) it has not declared any dividend or any other distributions which is outstanding and not yet paid; and (ii) it does not have any intention to make, declare or pay any future dividend or make other distributions prior to the close of the Offer. If, after the date of this joint announcement, any dividend or other distribution is made or paid in respect of the Offer Shares, the Offeror reserves the right to reduce the Offer Price by an amount equal to the gross amount of such dividend or other distribution.

Value of the Offer

As at the date of this joint announcement, the Company has 194,337,559 Shares in issue. On the basis of the Offer Price of HK\$0.400 per Offer Share, the entire issued share capital of the Company will be valued at HK\$77,735,023.600.

Assuming that there is no change in the issued share capital of the Company from the date of this joint announcement and up to the close of the Offer, and excluding the 97,172,000 Shares held by the Offeror and parties acting in concert with it immediately upon Completion and as at the date of this joint announcement, 97,165,559 Shares will be subject to the Offer. If the Offer is accepted in full, the maximum consideration payable by the Offeror for the Offer is valued at HK\$38,866,223.600.

Financial resources available to the Offeror

The Offeror intends to finance the consideration payable under the Offer in full by its internal resources. Somerley, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum payment obligations upon full acceptance of the Offer.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The Offeror will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising (i) Mr. Hung Ka Hai, Clement, (ii) Mr. Yeung Chi Wai, (iii) Mr. Wong Kwong Fat and (iv) Mr. Chan Shu Yan, Stephen, each of whom being an independent non-executive Director who has no relationship with the Offeror and/or Ms. Lina Sio and has no direct or indirect interest in the Offer, has been established by the Company pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Independent Shareholders in respect of the Offer, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

As Ms. Lina Sio is the sole director of the Offeror, Ms. Ali Sio, being the non-executive Director and the sister of Ms. Lina Sio, is presumed to be acting in concert with the Offeror under class 2 of the definition of “acting in concert” under the Takeovers Code and is accordingly regarded as being interested in the Offer, and therefore has not been appointed as a member of the Independent Board Committee.

APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

Quam Capital Limited has been appointed by the Company, with the approval of the Independent Board Committee, to act as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in respect of the Offer, and in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

DESPATCH OF THE COMPOSITE DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch an offer document containing the terms of the Offer, together with the Form of Acceptance, to the Independent Shareholders no later than twenty-one (21) days after the date of this joint announcement, or such later date as the Executive may approve in accordance with the Takeovers Code.

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular into the Composite Document. Accordingly, the Composite Document containing, among other things, (i) the details of the Offer (including the expected timetable and terms of the Offer); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in respect of the Offer, together with the Form of Acceptance, will be jointly issued and despatched by the Offeror and the Company to the Independent Shareholders in accordance with the Takeovers Code.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 27 August 2024 pending the publication of this joint announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 4 September 2024.

WARNING

Shareholders and potential investors of the Company should note that the Independent Board Committee has yet to consider and evaluate the Offer. The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement.

Shareholders should read the Composite Document carefully, including the recommendation of the Independent Board Committee in respect of the Offer and a letter of advice from the Independent Financial Adviser, before forming a view on the Offer. Shareholders and potential investors of the Company are advised to monitor the announcements to be made by the Company or jointly by the Offeror and the Company in respect of the progress of the Offer and exercise caution when dealing in the securities of the Company. If Shareholders and potential investors of the Company are in any doubt about their position, they should consult their professional advisers.

INTRODUCTION

The Company was informed by the Offeror that on 27 August 2024 (before trading hours), the Offeror and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Vendors had agreed to sell, and the Offeror had agreed to purchase, a total of 42,172,000 Sale Shares, free from Encumbrances, at an aggregate consideration of HK\$16,868,800.000, which is equivalent to HK\$0.400 per Sale Share. The Sale Shares represent approximately 21.700% of the total issued share capital of the Company as at the date of this joint announcement. The Acquisition was completed on the same date as the Sale and Purchase Agreement, being 27 August 2024.

As at the date of this joint announcement, the Company has 194,337,559 Shares in issue. Immediately prior to Completion, the Offeror and parties acting in concert with it were interested in 55,000,000 Shares, representing approximately 28.301% of the total issued share capital of the Company. Immediately upon Completion, the Offeror and parties acting in concert with it were interested in 97,172,000 Shares, representing approximately 50.002% of the total issued share capital of the Company.

Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it).

THE SALE AND PURCHASE AGREEMENT

Set out below are the principal terms of the Sale and Purchase Agreement:

Date

27 August 2024

Parties

- (i) Supervalue (as vendor of the Sale Shares);
- (ii) Mr. Chu (as vendor of the Sale Shares); and
- (iii) the Offeror (as the purchaser of the Sale Shares)

Subject of the Sale and Purchase Agreement

The Vendors had agreed to sell, and the Offeror had agreed to purchase, a total of 42,172,000 Sale Shares, representing approximately 21.700% of the total issued share capital of the Company immediately prior to the entering into of the Sale and Purchase Agreement and as at the date of this joint announcement, for an aggregate consideration of HK\$16,868,800.000. The number of Sale Shares sold by each of the Vendors are set out below:

| Vendors | Sale Shares | Approximate shareholding % immediately prior to the entering into of the Sale and Purchase Agreement |
|----------------|--------------------|---|
| Supervalue | 31,650,555 | 16.286 |
| Mr. Chu | 10,521,445 | 5.414 |
| Total | 42,172,000 | 21.700 |

The Sale Shares shall be sold by each of the Vendors free from Encumbrances with effect from the Completion and with all rights attaching to them including the right to receive all distributions and dividends declared, paid or made in respect of the Sale Shares after the Completion. Each of the Vendors irrevocably waived any rights of pre-emption conferred on it by the articles of association of the Company (if any) or otherwise over any of the Sale Shares.

Consideration for the Sale Shares

The aggregate consideration for the sale and purchase of the Sale Shares under the Sale and Purchase Agreement is HK\$16,868,800.000, representing HK\$0.400 per Sale Share, which was agreed between the Vendors and the Offeror after arm's length negotiations, taking into account (i) the prevailing closing prices of the Shares; (ii) the relatively low liquidity of the Shares; and (iii) the financial information of the Group. The amount of consideration paid to each of the Vendors is set out below:

| Vendors | Sale Shares | Consideration paid |
|----------------|--------------------|---------------------------|
| Supervalue | 31,650,555 | HK\$12,660,222.000 |
| Mr. Chu | 10,521,445 | HK\$4,208,578.000 |
| Total | 42,172,000 | HK\$16,868,800.000 |

Other than the consideration for the Sale Shares under the Sale and Purchase Agreement, there is no other consideration, compensation or benefits in whatever form provided by the Offeror and its parties acting in concert to the Vendors or their respective parties acting in concert.

The consideration for the Sale Shares has been fully settled in cash by the Offeror to the Vendors on Completion, which was satisfied by the Offeror's own financial resources.

Completion

The Acquisition was completed on the same date as the Sale and Purchase Agreement, being 27 August 2024. Immediately upon Completion, the Offeror and parties acting in concert with it were interested in 97,172,000 Shares, representing approximately 50.002% of the total issued share capital of the Company.

MANDATORY UNCONDITIONAL CASH OFFER

Somerley will, for and on behalf of the Offeror, make the Offer to acquire all the Offer Shares on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.400 in cash

The Offer Price of HK\$0.400 per Offer Share is equal to the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

As at the date of this joint announcement, the Company has 194,337,559 Shares in issue and the Company does not have any outstanding options, warrants, derivatives or other securities which are convertible or exchangeable into Shares.

The Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code.

The Offer Shares to be acquired under the Offer shall be fully paid and free from any Encumbrances together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document.

The Company confirms that as at the date of this joint announcement, (i) it has not declared any dividend or any other distributions which is outstanding and not yet paid; and (ii) it does not have any intention to make, declare or pay any future dividend or make other distributions prior to the close of the Offer. If, after the date of this joint announcement, any dividend or other distribution is made or paid in respect of the Offer Shares, the Offeror reserves the right to reduce the Offer Price by an amount equal to the gross amount of such dividend or other distribution.

The Offer Price of HK\$0.400 per Offer Share represents:

- (i) a premium of approximately 48.148% over the closing price of HK\$0.270 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 45.985% over the average closing price of approximately HK\$0.274 per Share based on the daily closing prices as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;

- (iii) a premium of approximately 44.404% over the average closing price of approximately HK\$0.277 per Share based on the daily closing prices as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 32.013% over the average closing price of approximately HK\$0.303 per Share based on the daily closing prices as quoted on the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 90.519% to the audited consolidated net assets attributable to owners of the Company per Share of approximately HK\$4.219 as at 31 July 2023, which was calculated based on the Group's latest published audited consolidated net assets attributable to owners of the Company of approximately HK\$819,963,000 as at 31 July 2023 and a total of 194,337,559 Shares in issue as at the date of this joint announcement; and
- (vi) a discount of approximately 90.584% to the unaudited consolidated net assets attributable to owners of the Company per Share of approximately HK\$4.248 as at 31 January 2024, which was calculated based on the Group's latest published unaudited consolidated net assets attributable to owners of the Company of approximately HK\$825,621,000 as at 31 January 2024 and a total of 194,337,559 Shares in issue as at the date of this joint announcement.

The Offer will be unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

Highest and lowest prices of the Shares

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six (6) month period immediately prior to the Last Trading Day were HK\$0.120 per Share on 19 March 2024 and 20 March 2024 and HK\$0.395 per Share on 28 May 2024, 13 June 2024 and 14 June 2024, respectively.

Value of the Offer

As at the date of this joint announcement, the Company has 194,337,559 Shares in issue. On the basis of the Offer Price of HK\$0.400 per Offer Share, the entire issued share capital of the Company will be valued at HK\$77,735,023.600.

Assuming that there is no change in the issued share capital of the Company from the date of this joint announcement and up to the close of the Offer, and excluding the 97,172,000 Shares held by the Offeror and parties acting in concert with it immediately upon Completion and as at the date of this joint announcement, 97,165,559 Shares will be subject to the Offer. If the Offer is accepted in full, the maximum consideration payable by the Offeror for the Offer is valued at HK\$38,866,223.600.

Financial resources available to the Offeror

The Offeror intends to finance the consideration payable under the Offer in full by its internal resources. Somerley, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum payment obligations upon full acceptance of the Offer.

Effect of accepting the Offer

Acceptance of the Offer by any Independent Shareholders will constitute a warranty by such person that all Offer Shares to be sold by such person under the Offer are fully paid and free from all Encumbrances whatsoever together with all rights and interests attaching thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

Payment

Payment in cash in respect of acceptance of the Offer will be made as soon as possible but in any event no later than seven (7) business days (as defined in the Takeovers Code) after the date of receipt of a duly completed acceptance of the Offer. Relevant documents evidencing title must be received by the Offeror (or its agent) to render such acceptance of the Offer complete and valid.

No fractions of a cent will be payable and the amount of the consideration payable to any Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

Overseas Shareholders

The Offeror intends to make the Offer available to all Independent Shareholders, including the Overseas Shareholders. However, the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they reside. The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice. It is the sole responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from the accepting Overseas Shareholders in respect of such jurisdictions).

In the event that the despatch of the Composite Document to the Overseas Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the Directors regard as unduly onerous or burdensome (or otherwise not in the best interests of the Company or Shareholders), the Composite Document may not be despatched to such Overseas Shareholders. In such circumstances, the Offeror will apply for a waiver as may be required from the Executive (which the Executive's consent may or may not be granted) regarding the issue of the Composite Document to particular Overseas Shareholders pursuant to Note 3 to Rule 8 of the Takeovers Code at such time (where appropriate). Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Composite Document to such Overseas Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Composite Document is made available to such Overseas Shareholders. If any such waiver is granted by the Executive, the Offeror reserves the right to make arrangements in respect of such Overseas Shareholders in relation to the terms of the Offer.

Any acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and regulations in which the Overseas Shareholder is located have been complied with. Overseas Shareholders should consult their professional advisers if in doubt.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty payable by the Independent Shareholders who accept the Offer and calculated at a rate of 0.1% of the higher of (i) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer; or (ii) the value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable by the Offeror to the Independent Shareholders who accept the Offer. The Offeror will then arrange for payment of the seller's stamp duty on behalf of those Independent Shareholders who accept the Offer. The Offeror will bear the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

Taxation advice

Independent Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of the Company, the Offeror or parties acting in concert with it or any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts the responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

DEALING AND INTERESTS IN THE SECURITIES OF THE COMPANY

The Offeror confirms that as at the date of this joint announcement:

- (i) save for the Acquisition, neither the Offeror nor any person acting in concert with it has dealt for value in any Shares, warrants, options or derivatives of the Company or other securities convertible into Shares during the period commencing six (6) months prior to the date of the Sale and Purchase Agreement and up to and including the date of this joint announcement;
- (ii) save for the 97,172,000 Shares held by the Offeror and parties acting in concert with it, neither the Offeror nor any person acting in concert with it owns or has control or direction over any voting rights or rights over the Shares or any convertible securities, warrants, options or derivatives of the Company;
- (iii) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (iv) neither the Offeror nor any person acting in concert with it has received any irrevocable commitment to accept the Offer;
- (v) there is no agreement or arrangement to which the Offeror or any person acting in concert with it, is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (vi) neither the Offeror nor any person acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (vii) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror or any person acting in concert with it;
- (viii) save for the aggregate consideration of HK\$16,868,800.000 pursuant to the Sale and Purchase Agreement, there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Offeror and any parties acting in concert with it to the Vendors and any parties acting in concert with any of them in connection with the Acquisition;
- (ix) save for the Sale and Purchase Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and/or any parties acting in concert with it on the one hand, and the Vendors and any parties acting in concert with them on the other hand; and
- (x) save for the Sale and Purchase Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and any party acting in concert with it on one hand, and any Shareholder on the other hand.

The Company confirms that, as at the date of this joint announcement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Company, its subsidiaries or associated companies on one hand, and any Shareholder on the other hand.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this joint announcement, the Company has 194,337,559 Shares in issue. Immediately prior to Completion, the Company was owned as to (i) approximately 28.301% by the Offeror and parties acting in concert with it, (ii) approximately 24.643% by Mr. Chu and Supervalve, and (iii) approximately 47.055% by public Shareholders. Immediately upon Completion, the Company was owned as to (i) approximately 50.002% by the Offeror and parties acting in concert with it, (ii) approximately 2.943% by Mr. Chu, and (iii) approximately 47.055% by public Shareholders.

The table below sets out the shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately upon Completion and as at the date of this joint announcement:

| Shareholders | Immediately prior to Completion | | Immediately upon Completion and as at the date of this joint announcement | |
|--|---------------------------------|-----------------------------------|---|-----------------------------------|
| | Number of Shares | Approximate % ^(Note 1) | Number of Shares | Approximate % ^(Note 1) |
| The Offeror and parties acting in concert with it | | | | |
| – The Offeror ^(Note 2) | – | – | 42,172,000 | 21.700 |
| – Nichrome Limited ^(Note 2) | 55,000,000 | 28.301 | 55,000,000 | 28.301 |
| Sub-total | 55,000,000 | 28.301 | 97,172,000 | 50.002 |
| Vendors | | | | |
| – Supervalve ^(Note 3) | 31,650,555 | 16.286 | – | – |
| – Mr. Chu ^(Note 3) | 16,240,750 | 8.357 | 5,719,305 | 2.943 |
| Sub-total | 47,891,305 | 24.643 | 5,719,305 | 2.943 |
| Public Shareholders | 91,446,254 | 47.055 | 91,446,254 | 47.055 |
| Total | 194,337,559 | 100.000 | 194,337,559 | 100.000 |

Notes:

1. The percentage figures are calculated on the basis of 194,337,559 issued Shares, which represent the entire issued share capital of the Company, as at the date of this joint announcement.
2. Each of the Offeror and Nichrome Limited is wholly and beneficially owned by Ms. Lina Sio, being an executive Director and the chairlady of the Board. As such, immediately upon Completion and as at the date of this joint announcement, Ms. Lina Sio is deemed or taken to be interested in the total of 97,172,000 Shares held by the Offeror and Nichrome Limited by virtue of the SFO.

3. Supervalue is a company incorporated under the laws of the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Chu. As such, Mr. Chu is deemed or taken to be interested in the Shares held by Supervalue by virtue of the SFO. Save that Ms. Lina Sio and Mr. Chu are both directors of the Company, each of Supervalue and Mr. Chu is a third party independent of, and not connected with, the Offeror and parties acting in concert with it (including Ms. Lina Sio). As at the date of this joint announcement, Mr. Chu has no intention to sell his remaining Shares on the market. Mr. Chu will decide whether to accept or reject the Offer in due course, and his intention as to whether he will accept or reject the Offer for his own beneficial shareholding in the Company will be set out in the Composite Document in accordance with the requirements under the Takeovers Code.
4. Certain percentage figures in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

INFORMATION ON THE GROUP

The Group is principally engaged in property development, consumer finance, hotel operation, financial investment and related activities.

Set out below is a summary of the audited financial information of the Group for each of the two financial years ended 31 July 2023 and the unaudited financial information of the Group for the six months ended 31 January 2024:

| | For the financial year ended 31 July | | For the six months ended 31 January |
|--|---|-----------------|--|
| | 2022 | 2023 | 2024 |
| | (audited) | (audited) | (unaudited) |
| | HK\$'000 | HK\$'000 | HK\$'000 |
| Revenue | 87,273 | 36,876 | 24,881 |
| (Loss)/profit before taxation | (76,699) | (34,559) | 4,905 |
| (Loss)/profit for the year/period | (104,316) | (33,697) | 4,950 |
| (Loss)/profit for the year/period attributable to owners of the Company | <u>(98,255)</u> | <u>(29,967)</u> | <u>6,326</u> |

The audited net assets attributable to owners of the Company as at 31 July 2022 and 31 July 2023 were approximately HK\$863,798,000 and HK\$819,963,000, respectively, and the unaudited net assets attributable to owners of the Company as at 31 January 2024 was approximately HK\$825,621,000.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Ms. Lina Sio, being an executive Director and the chairlady of the Board. As at the date of this joint announcement, Ms. Lina Sio is the sole director of the Offeror and she beneficially owns 42,172,000 Shares through the Offeror, representing approximately 21.700% of the total issued share capital of the Company.

As at the date of this joint announcement, Ms. Lina Sio also beneficially owns 55,000,000 Shares through Nichrome Limited, representing approximately 28.301% of the total issued share capital of the Company. Nichrome Limited is wholly and beneficially owned by Ms. Lina Sio, who is also the sole director of Nichrome Limited.

Ms. Lina Sio, aged 30, has more than six years of experience in the consumer finance business, and is the founder of the Group's consumer finance operation. As at the date of this joint announcement, Ms. Lina Sio is a director and chief executive officer of Grantit Limited and a director of Shiny Rising Limited, which are both subsidiaries of the Company that operates an online lending mobile application and provides consumer finance to customers, respectively.

FUTURE INTENTIONS OF THE OFFEROR REGARDING THE GROUP

The Offeror considers and confirms that (i) it is intended that the Group will continue with the existing business of the Group; and (ii) it has no current intention to (a) introduce any major changes to the existing business of the Group or (b) discontinue the employment of any of the Group's employees or (c) other than as disclosed by the Company, redeploy the fixed assets of the Group other than in its ordinary course of business. The Offeror will continue to ensure good corporate governance and monitor and review the Group's business and operations from time to time. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group. As at the date of this joint announcement, no investment or business opportunity has been identified nor has the Offeror entered into any agreements, arrangements, understandings or negotiations in relation to the injection of any assets or business into the Group.

As at the date of this joint announcement, the Board comprises (i) Ms. Sio Lai Na and (ii) Mr. Chu Nin Yiu, Stephen, as executive Directors, (iii) Ms. Sio Lai Nga as non-executive Director, and (iv) Mr. Hung Ka Hai, Clement, (v) Mr. Yeung Chi Wai, (vi) Mr. Wong Kwong Fat and (vii) Mr. Chan Shu Yan, Stephen as independent non-executive Directors.

The Offeror has no intention to change the composition of the Board following the close of the Offer.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange will consider exercising its discretion to suspend dealing in the Shares until the prescribed level of public float is restored.

The Offeror will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer. No such arrangements have been confirmed or put in place as at the date of this joint announcement. Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising (i) Mr. Hung Ka Hai, Clement, (ii) Mr. Yeung Chi Wai, (iii) Mr. Wong Kwong Fat and (iv) Mr. Chan Shu Yan, Stephen, each of whom being an independent non-executive Director who has no relationship with the Offeror and/or Ms. Lina Sio and has no direct and indirect interest in the Offer, has been established by the Company pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Independent Shareholders in respect of the Offer, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

As Ms. Lina Sio is the sole director of the Offeror, Ms. Ali Sio, being the non-executive Director and the sister of Ms. Lina Sio, is presumed to be acting in concert with the Offeror under class 2 of the definition of “acting in concert” under the Takeovers Code and is accordingly regarded as being interested in the Offer, and therefore has not been appointed as a member of the Independent Board Committee.

APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

Quam Capital Limited has been appointed by the Company, with the approval of the Independent Board Committee, to act as the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in respect of the Offer, and in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

DESPATCH OF THE COMPOSITE DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch an offer document containing the terms of the Offer, together with the Form of Acceptance, to the Independent Shareholders no later than twenty-one (21) days after the date of this joint announcement, or such later date as the Executive may approve in accordance with the Takeovers Code.

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular into the Composite Document. Accordingly, the Composite Document containing, among other things, (i) the details of the Offer (including the expected timetable and terms of the Offer); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Offer, together with the Form of Acceptance, will be jointly issued and despatched by the Offeror and the Company to the Independent Shareholders in accordance with the Takeovers Code.

DISCLOSURE OF DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company and the Offeror (including any person who owns or controls 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company) are hereby reminded to disclose their dealings in any relevant securities of the Company pursuant to Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 27 August 2024 pending the publication of this joint announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 4 September 2024.

WARNING

Shareholders and potential investors of the Company should note that the Independent Board Committee has yet to consider and evaluate the Offer. The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement.

Shareholders should read the Composite Document carefully, including the recommendation of the Independent Board Committee in respect of the Offer and a letter of advice from the Independent Financial Adviser, before forming a view on the Offer. Shareholders and potential investors of the Company are advised to monitor the announcements to be made by the Company or jointly by the Offeror and the Company in respect of the progress of the Offer and exercise caution when dealing in the securities of the Company. If Shareholders and potential investors of the Company are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions have the following meanings:

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| “Acquisition” | the acquisition of a total of 42,172,000 Sale Shares by the Offeror from the Vendors pursuant to the terms and conditions of the Sale and Purchase Agreement |
| “acting in concert” | has the same meaning as ascribed to it under the Takeovers Code |
| “associate(s)” | has the same meaning as ascribed to it under the Takeovers Code |
| “Board” | the board of Directors |
| “Company” | Capital Estate Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 193) |
| “Completion” | completion of the Acquisition pursuant to the Sale and Purchase Agreement |
| “Composite Document” | the composite offer and response document to be jointly issued by the Offeror and the Company in relation to the Offer in accordance with the Takeovers Code |

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| “Director(s)” | the director(s) of the Company from time to time |
| “Encumbrances” | any mortgage, charge, pledge, lien, assignment, option, restriction, retention of title, negative pledge, right of pre-emption, right of first refusal, third party right or interest, other encumbrance or security interest of any kind or other preferential arrangement having similar effect together with any obligation (including any conditional obligation) to create the same |
| “Executive” | the executive director of the Corporate Finance Division of the SFC from time to time and any delegate of such executive director |
| “Form of Acceptance” | the form of acceptance and transfer of Shares in respect of the Offer |
| “Group” | the Company and its subsidiaries from time to time |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Board Committee” | the independent committee of the Board, comprising all four (4) independent non-executive Directors (namely (i) Mr. Hung Ka Hai, Clement, (ii) Mr. Yeung Chi Wai, (iii) Mr. Wong Kwong Fat and (iv) Mr. Chan Shu Yan, Stephen), which has been established to advise the Independent Shareholders in respect of the Offer |
| “Independent Financial Adviser” | Quam Capital Limited, the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee in respect of the Offer, which is a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |
| “Independent Shareholders” | Shareholders other than the Offeror and parties acting in concert with it |
| “Last Trading Day” | 26 August 2024, being the last full trading day of the Shares on the Stock Exchange immediately prior to the trading suspension in the Shares pending the release of this joint announcement |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. Chu” | Mr. Chu Nin Yiu, Stephen, an executive Director and the chief executive officer of the Company, and a substantial shareholder of the Company immediately prior to the Completion |

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| “Ms. Ali Sio” | Ms. Sio Lai Nga, being the non-executive Director and the sister of Ms. Lina Sio |
| “Ms. Lina Sio” | Ms. Sio Lai Na, being an executive Director and the chairlady of the Board, as well as the sole director and sole shareholder of the Offeror |
| “Offer” | the mandatory unconditional cash offer to be made by Somerley for and on behalf of the Offeror to acquire all of the Offer Shares in accordance with the terms and conditions to be set out in the Composite Document in accordance with the Takeovers Code |
| “Offer Period” | the period commencing on 3 September 2024, being the date of this joint announcement, and ending on the date when the Offer closes |
| “Offer Price” | the price at which the Offer will be made in cash, being HK\$0.400 per Offer Share |
| “Offer Share(s)” | all the Share(s) in issue, other than those Shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it, that are subject to the Offer |
| “Offeror” | CEDARWOOD VENTURES LIMITED, being the purchaser under the Sale and Purchase Agreement and a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by Ms. Lina Sio |
| “Overseas Shareholder(s)” | holder(s) of Offer Share(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 27 August 2024 and entered into amongst the Vendors, as vendors, and the Offeror, as purchaser, in relation to the Acquisition |
| “Sale Shares” | the 42,172,000 Shares sold by the Vendors in aggregate under the Sale and Purchase Agreement, representing approximately 21.700% of the total issued share capital of the Company as at the date of this joint announcement |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | the ordinary share(s) in the share capital of the Company |
| “Shareholder(s)” | the holder(s) of the Share(s) |

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| “Somerley” | Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in respect of the Offer |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Supervalue” | Supervalue Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Mr. Chu |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “Vendors” | collectively, Supervalue and Mr. Chu |
| “%” | per cent. |

CEDARWOOD VENTURES LIMITED

Sio Lai Na
Sole Director

By order of the Board
Capital Estate Limited
Chu Nin Yiu, Stephen
Chief Executive Officer

Hong Kong, 3 September 2024

As at the date of this joint announcement, the executive Directors of the Company are Ms. Sio Lai Na and Mr. Chu Nin Yiu, Stephen; the non-executive Director is Ms. Sio Lai Nga; and the independent non-executive Directors are Mr. Hung Ka Hai, Clement, Mr. Yeung Chi Wai, Mr. Wong Kwong Fat and Mr. Chan Shu Yan, Stephen.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Vendors, the Offeror and the parties acting in concert with each of them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by Mr. Chu Nin Yiu, Stephen in his capacity as a Vendor and the sole director of Supervalue Holdings Limited and Ms. Sio Lai Na in her capacity as the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, Ms. Sio Lai Na is the sole director of CEDARWOOD VENTURES LIMITED, being the Offeror. As the sole director of the Offeror, Ms. Sio Lai Na accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Vendors, the Directors and the Group) and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this joint announcement (other than those expressed by Mr. Chu Nin Yiu, Stephen in his capacity as a Vendor and the sole director of Supervalue Holdings Limited and the Directors in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, Mr. Chu Nin Yiu, Stephen is the sole director of Supervalue Holdings Limited, being one of the Vendors. Mr. Chu Nin Yiu, Stephen accepts full responsibility for the accuracy of the information contained in this joint announcement relating to the Vendors and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement by him in his capacity as a Vendor and the sole director of Supervalue Holdings Limited have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.