
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any of the content of this Prospectus, you should obtain independent professional advice.

If you have sold or transferred all your shares in the Company, you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 38D of the Companies (WUMP) Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of the Prospectus Documents.

Dealings in the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC. You should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares on the Stock Exchange or such other dates 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of any of the Prospectus Documents, 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 any of the Prospectus Documents.



CAPITAL ESTATE LIMITED

冠中地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 193)

RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE

Joint Financial Advisers to the Company



結好證券有限公司
GET NICE SECURITIES LIMITED

WALKER CAPITAL

睿 嘉 資 本

Underwriter of the Rights Issue



結好證券有限公司
GET NICE SECURITIES LIMITED

Capitalised terms used in this cover shall have the same meanings as those defined in this Prospectus.

The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Tuesday, 23 June 2015. The procedures for application and payment or transfer of the Rights Shares and application and payment for excess Rights Shares are set out on pages 12 to 15 of this Prospectus.

The Underwriting Agreement in respect of the Rights Issue contains provisions entitling the Underwriter by notice in writing to the Company to terminate the Underwriting Agreement on the occurrence of certain events including force majeure. These events are set out in the section headed "Termination of the Underwriting Agreement" on pages 19 to 20 of this Prospectus.

Shareholders should note that the existing Shares have been dealt in on ex-rights basis from Tuesday, 2 June 2015. The Rights Shares in their nil-paid form will be dealt in from Thursday, 11 June 2015 to Thursday, 18 June 2015 (both days inclusive). If prior to 4:00 p.m. on the Settlement Date, the Underwriter terminates the Underwriting Agreement or if any of the other conditions of the Rights Issue as set out in the paragraphs headed "Conditions of the Rights Issue" contained in this Prospectus is not fulfilled, the Rights Issue will not proceed.

Any dealings in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases, will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing the Shares who is in any doubt about his/her/its position is recommended to consult his/her/its own professional adviser.

9 June 2015

NOTICE

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING EXTENDED TO SHAREHOLDERS WITH REGISTERED ADDRESSES IN, OR INVESTORS WHO ARE LOCATED OR RESIDENT IN, ANY OF THE JURISDICTIONS OUTSIDE HONG KONG. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer, invitation or solicitation is unlawful. None of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus, the PAL and the EAF will be registered under the securities laws of any jurisdiction outside Hong Kong and none of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus, the PAL and the EAF will qualify for distribution under any of the relevant securities laws of any of the jurisdictions outside Hong Kong (other than pursuant to any applicable exemptions). Accordingly, the nil-paid Rights Shares and the fully-paid Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions outside Hong Kong, or exemption from the registration or qualification requirement under applicable rules of such jurisdictions.

Shareholders with registered addresses in, and investors who are located or resident in, any of the jurisdictions outside Hong Kong are referred to the paragraphs headed “Rights of Overseas Shareholders” under the section headed “Letter from the Board” of this Prospectus.

NOTICE TO INVESTORS IN NEW ZEALAND

The offer under the Rights Issue is made in compliance with the laws of Hong Kong and with all other relevant codes, rules and other requirements that apply to the offer under the Rights Issue in Hong Kong.

NOTICE TO INVESTORS IN SINGAPORE

The Rights Issue is made in reliance on an exemption under the Securities and Futures Act, Chapter 289 of Singapore (“SFA”). This Prospectus has not been registered with the Monetary Authority of Singapore. Accordingly, this Prospectus and other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Rights Shares to be issued by the Company may not be circulated or distributed, nor may the Rights Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore otherwise than in reliance of an exemption set out under Subdivision (4) of Division I of Part XIII of the SFA or in a transaction not subject to the requirements set out in Division I of Part XIII of the SFA.

NOTICE

NOTICE TO INVESTORS IN THE UNITED STATES

The securities described in this Prospectus have not been registered under the U.S. Securities Act or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There is no intention to register any portion of the Rights Shares or any securities described in this Prospectus in the United States or to conduct a public offering of securities in the United States.

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession this Prospectus comes should inform themselves of and observe any such restrictions. This Prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States. The provision of this Prospectus to Shareholders in the United States and any other jurisdiction where distribution is restricted is for information purposes only and shall not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Rights Shares or to take up any entitlements to the Rights Shares in the United States or any other jurisdiction in which such an offer or solicitation is unlawful.

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EXPECTED TIMETABLE

The expected timetable for the Rights Issue and change in board lot size is set out below:

2015

First day for dealings in nil-paid Rights Shares	9:00 a.m. on Thursday, 11 June
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Monday, 15 June
Last day for dealings in nil-paid Rights Shares	4:00 p.m. on Thursday, 18 June
Latest time for acceptance of, and payments for, the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Tuesday, 23 June
Latest time for the termination of the Underwriting Agreement and the Rights Issue become unconditional	4:00 p.m. on Thursday, 25 June
Announcement of results of the Rights Issue to be published on the respective websites of the Stock Exchange and the Company	Tuesday, 30 June
Share certificates for fully-paid Rights Shares expected to be posted	Thursday, 2 July
Refund cheques for wholly and partially unsuccessful applications for excess Rights Shares expected to be posted	Thursday, 2 July
Dealings in fully-paid Rights Shares commences	9:00 a.m. on Friday, 3 July
Effective date of the change in board lot size from 5,000 Shares to 15,000 Shares	9:00 a.m. on Friday, 3 July

EXPECTED TIMETABLE

2015

Designated broker starts to stand in the market to provide
matching services for sale and purchase of odd lots of Shares. 9:00 a.m. on
Friday, 3 July

Designated broker ceases to stand in the market to provide
matching services for sale and purchase of odd lots of Shares. 4:00 p.m. on
Thursday, 23 July

Notes:

1. All times and dates in this Prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above are indicative only. Any changes to the expected timetable will be published or notified to Shareholders and the Stock Exchange as and when appropriate.
2. The proposed change in board lot size is subject to completion of the Rights Issue. If the Rights Issue does not complete, the change in board lot size will not be implemented.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as practicable.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms shall have the following meanings:

“Acceptance Date”	4:00 p.m. on 23 June 2015 (or such other date as the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment for, Rights Shares and application and payment for excess Rights Shares)
“Announcement”	the announcement of the Company dated 14 May 2015 relating to, <i>inter alia</i> , the Rights Issue and change in board lot size
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than Saturday and Sunday) on which the Stock Exchange is open for business of dealings in securities
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, as amended or supplemented from time to time
“Company”	Capital Estate Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Concert Group”	Mr. Sio, Ms. Liu, Mr. Chu, Mr. Si, Fullkeen and Supervalve
“Concert Group Undertakings”	the undertakings executed by the Concert Group dated 14 May 2015, <i>inter alia</i> , to accept the provisional allotment of 637,601,700 Rights Shares under the Rights Issue, being their full entitlement under the Rights Issue
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company

DEFINITIONS

“EAF(s)”	the form(s) of application proposed to be issued to the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter
“Fullkeen”	Fullkeen Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is beneficially owned as to 70% by Mr. Sio and as to 30% by Mr. Si
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	14 May 2015, being the last trading day for the Shares on the Stock Exchange before the publication of the Announcement
“Latest Practicable Date”	3 June 2015, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Termination”	4:00 p.m. on the second Business Day after the Acceptance Date, or such later time as may be agreed between the Company and the Underwriter
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mr. Chu”	Mr. Chu Nin Yiu, Stephen, Chief Executive Officer and a substantial Shareholder of the Company, who is beneficially interested in approximately 14.47% of the issued share capital of the Company as at the Latest Practicable Date

DEFINITIONS

“Mr. Si”	Mr. Si Tit Sang, who beneficially owns 30% of Fullkeen
“Mr. Sio”	Mr. Sio Tak Hong, Chairman and a substantial Shareholder of the Company, who is beneficially interested in approximately 35.88% of the issued share capital of the Company as at the Latest Practicable Date
“Ms. Liu”	Ms. Liu Yan Xia, also known as “Lao Im Ha”, is the spouse of Mr. Sio
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders as mentioned herein, being in such usual form as may be agreed between the Company and the Underwriter
“Posting Date”	9 June 2015 or such other date as the Underwriter may agree in writing with the Company, as the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only (as the case may be) to the Non-Qualifying Shareholders
“PRC”	the People’s Republic of China
“Prospectus”	this prospectus
“Prospectus Documents”	this Prospectus, the PAL and EAF
“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders

DEFINITIONS

“Record Date”	8 June 2015 (or such other date as the Underwriter may agree in writing with the Company), as the date by reference to which entitlements to the Rights Issue are to be determined
“Registrar”	the share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue by way of rights of one Rights Share for every two Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Shares”	Shares to be issued and allotted under the Rights Issue, being 1,233,917,064 Shares
“Settlement Date”	25 June 2015, being the second Business Day following the Acceptance Date (or such other time or date as the Underwriter and the Company may agree in writing) as the day for settlement of the Rights Issue
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.15 per Rights Share
“Supervalue”	Supervalue Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is 100% beneficially owned by Mr. Chu
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

DEFINITIONS

“Underwriter”	Get Nice Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), and type 9 (asset management) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 14 May 2015 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Rights Shares”	596,315,364 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“%” or “per cent.”	percentage or per centum

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to 4:00 p.m. on the Settlement Date if there occurs:-

- (i) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (ii) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or currency (including any disruption to trading generally or trading in any securities of the Company on any stock exchange, or a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict; or
- (iii) any act of God, fire, flood, explosion, epidemic, earthquake, nuclear or natural disaster, war, act of terrorism, riot, public disorder, civil commotion, strike or lock-out; or
- (iv) any suspension or a material limitation in trading in securities generally on the Stock Exchange, or a general moratorium on commercial banking activities in Hong Kong declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong;

and in the absolute opinion of the Underwriter, such change could have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

If, at or prior to 4:00 p.m. on the Settlement Date:

- (i) the Company commits any material breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement which breach or omission could have a material and adverse effect on its business, financial or trading position; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (ii) the Underwriter shall receive notification pursuant to the Underwriting Agreement, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue, inaccurate or misleading, or would be untrue, inaccurate or misleading if repeated as provided in the Underwriting Agreement and the Underwriter shall, in its absolute opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue;

the Underwriter shall be entitled (but not bound) by notice in writing to the Company prior to the Settlement Date to terminate the Underwriting Agreement and the obligations of all parties under the Underwriting Agreement shall terminate forthwith.

Upon the giving of notice pursuant to the Underwriting Agreement, all obligations of the Underwriter thereunder shall cease and determine and none of the parties to the Underwriting Agreement shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breaches and claims).

If the Underwriter exercises the above right, the Rights Issue will not proceed.

LETTER FROM THE BOARD



CAPITAL ESTATE LIMITED

冠中地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 193)

Executive Directors:

Mr. Sio Tak Hong (*Chairman*)
Mr. Chu Nin Yiu, Stephen (*Chief Executive Officer*)
Mr. Chu Nin Wai, David (*Deputy Chairman*)
Mr. Lau Chi Kan, Michael

Registered office:

17th Floor
Asia Orient Tower, Town Place
33 Lockhart Road
Wanchai
Hong Kong

Independent non-executive Directors:

Mr. Li Sze Kuen, Billy
Mr. Wong Kwong Fat
Mr. Leung Kam Fai

9 June 2015

*To the Qualifying Shareholders and, for information only,
the Non-Qualifying Shareholders,*

Dear Sir or Madam,

RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE

INTRODUCTION

On 14 May 2015, the Board announced that the Company proposed to raise approximately HK\$185.1 million before expenses by way of the Rights Issue of 1,233,917,064 Rights Shares at the subscription price of HK\$0.15 per Rights Share payable in full on acceptance on the basis of one Rights Share for every two Shares in issue and held on the Record Date. The Board also proposed, subject to the completion of the Rights Issue, to change the board lot size for trading of the Shares from 5,000 Shares to 15,000 Shares.

The purpose of this Prospectus is to provide the Shareholders with further details about the Rights Issue and change in board lot size.

LETTER FROM THE BOARD

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	one Rights Share for every two Shares held on the Record Date
Number of Shares in issue as at the Record Date	:	2,467,834,129 Shares
Number of Rights Shares	:	1,233,917,064 Rights Shares
Subscription Price	:	HK\$0.15 per Rights Share

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

The 1,233,917,064 nil-paid Rights Shares proposed to be provisionally allotted represent 50% of the Company's issued share capital as at the Latest Practicable Date and approximately 33.33% of the Company's issued share capital as enlarged by the issue of the 1,233,917,064 Rights Shares.

QUALIFYING SHAREHOLDERS

The Company will send the Prospectus Documents to Qualifying Shareholders only.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and be a Qualifying Shareholder.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

As at the Record Date, there are 15 Overseas Shareholders with registered addresses in Australia, Canada, Macau, New Zealand, Singapore and the United States, holding 100 Shares, 60 Shares, 800,000,205 Shares, 120 Shares, 31 Shares and 5 Shares respectively. The Directors have in compliance with Rule 13.36(2) of the Listing Rules, made enquiries regarding the legal restrictions under the laws of the above-listed countries with respect to the offer of Rights Shares to such Overseas Shareholders.

LETTER FROM THE BOARD

The Company has been advised by its legal advisors in Macau, New Zealand and Singapore that the Prospectus Documents would not be required to be registered with any regulatory authorities or stock exchanges of Macau, New Zealand and Singapore, and may be despatched to the Overseas Shareholders with registered addresses in Macau, New Zealand and Singapore. The Company has been advised by its legal advisors in Australia that the Prospectus Documents would be required to be registered with the Australian Securities and Investments Commission under the applicable securities laws in Australia unless they qualify for an exemption by satisfying various criteria which includes, amongst others, not to extend the application of excess Rights Shares to Shareholders in Australia and to lodge the Prospectus Documents to the Australian Securities and Investments Commission. The Company has also been advised by its legal advisors in Canada and the United States that the Prospectus Documents would be required to be registered with the relevant authorities under the applicable securities laws in Canada and the United States, unless they qualify for an exemption by satisfying various criteria (including, amongst others, to ascertain certain information about the Shareholders) which may involve additional costs and affect the timing of the current timetable.

Based on such advice, the Directors have decided to extend the Rights Issues to the Overseas Shareholders with registered addresses in Macau, New Zealand and Singapore and necessary and/or expedient to exclude the Rights Issue from Overseas Shareholders with registered address in Australia, Canada and the United States. As such, Overseas Shareholders with registered addresses in Macau, New Zealand and Singapore, together with Shareholders with registered addresses in Hong Kong, are Qualifying Shareholders, while Overseas Shareholders with registered addresses in Australia, Canada and the United States are Non-Qualifying Shareholders for the purpose of the Rights Issue. The Company will send the Prospectus Documents to the Qualifying Shareholders, and will send the Prospectus (without the PAL and EAF) to the Non-Qualifying Shareholders for their information only.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid to the Non-Qualifying Shareholders pro rata to their shareholding on the Record Date and to be sent to them, at their own risk, in Hong Kong dollars as soon as practicable. The Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders, will be made available for excess application on EAFs by the Qualifying Shareholders.

No action has been taken to permit the offering of the Rights Shares, or the distribution of this Prospectus or any of the PAL or EAF, in any territory or jurisdiction outside Hong Kong. No person receiving a copy of this Prospectus and/or the PAL and the EAF in any territory or jurisdiction outside Hong Kong may treat it as an offer or an invitation to apply for the Rights Shares or the excess Rights Shares, unless in the relevant jurisdiction such an offer or invitation

LETTER FROM THE BOARD

could lawfully be made without compliance with any registration or other legal or regulatory requirements. It is the responsibility of any person (including but without limitation to nominee, agent and trustee) receiving a copy of this Prospectus or any of the PAL or EAF outside Hong Kong (including the ultimate beneficial owner(s) of the Qualifying Shareholder) and wishing to take up the Rights Shares or make an application for the excess Rights Shares to satisfy himself/herself/itself as to the observance of the laws and regulations of all relevant jurisdiction, including obtaining any government or other consents for observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. The Company will not be responsible for verifying the legal qualification of such Overseas Shareholder and/or resident in such territory or jurisdiction, thus, should the Company suffer any losses or damages due to non-compliance with the relevant laws of such territory or jurisdiction by any such Overseas Shareholder and/or resident, the Overseas Shareholder and/or resident shall be responsible to compensate the Company for the same. The Company shall not be obliged to issue the nil-paid Rights Shares or fully-paid Rights Shares to any such Overseas Shareholder and/or resident, if at the Company's absolute discretion issuing the nil-paid Rights Shares or fully-paid Rights Shares to them does not comply with the relevant laws of such territory or jurisdiction. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited has given, or be subject to, any of the above representation or warranty. If you are in any doubt as to your position, you should consult your professional advisers.

Subscription Price

The Subscription Price for the Rights Shares is HK\$0.15 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 34.50% to the closing price of HK\$0.229 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 26.11% to the theoretical ex-rights price of approximately HK\$0.203 per Share based on the closing price of HK\$0.229 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 35.62% to the average closing price of approximately HK\$0.233 per Share for the five consecutive trading days ended on the Last Trading Day; and

LETTER FROM THE BOARD

- (d) a discount of approximately 38.27% to the closing price of HK\$0.243 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares prior to the Last Trading Day. The Directors consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.147.

Basis of provisional allotment

The basis of the provisional allotment shall be one Rights Share for every two Shares in issue and held on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with the remittance for the Rights Shares being applied for.

Status of the Rights Shares

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market, if a premium (net of expenses) can be achieved, and the Company will retain the proceeds from such sale(s). Any unsold fractions of Rights Shares will be made available for excess application.

Procedures for acceptance and payment or transfer

Qualifying Shareholders will find enclosed with this Prospectus a PAL which entitles them to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Tuesday, 23 June 2015. All remittances must be made in Hong Kong dollars. Cheques must be

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drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to **"Capital Estate Limited – Provisional Allotment Account"** and crossed **"Account Payee Only"**.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Tuesday, 23 June 2015, whether by the original allottee or any person to whom the rights have been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders.

If the Qualifying Shareholders wish to accept only part of their provisional allotment and/or to transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer their rights to more than one person, the original PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Monday, 15 June 2015, to the Registrar who will cancel the original PAL and issue new PALs in the denominations required, which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques and cashier's orders accompanying completed PALs will be presented for payment immediately upon receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions other than Hong Kong in connection with the PAL and any acceptance of it, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited has given, or be subject to, any of the above representation or warranty. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee, will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque and/or cashier's order is dishonoured on first presentation, and, in such event, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled.

The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. No application for the Rights Shares will be accepted from any person who is a Non-Qualifying Shareholder.

LETTER FROM THE BOARD

If the Underwriter exercises the rights to terminate the Underwriting Agreement or if the conditions of the Rights Issue are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the nil-paid Rights Shares shall have been validly transferred, or in case of joint acceptances, to the first-named person, without interest by means of cheques despatched by ordinary post to their respective registered addresses at their own risk on or before Thursday, 2 July 2015.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders, for any Rights Shares provisionally allotted but not accepted and for any unsold Rights Shares arising from the aggregation of fractional entitlement.

Any Qualifying Shareholder wishing to apply for any excess Rights Shares must complete and sign the enclosed EAF as indicated thereon and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Tuesday, 23 June 2015. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to **"Capital Estate Limited – Excess Application Account"** and crossed **"Account Payee Only"**.

The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis. Subject to availability of the excess Rights Shares, the excess Rights Shares will be allocated to those who have applied for excess Rights Shares on a fair and equitable basis as far as practicable on the following principles:-

- (i) no preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their nil-paid Rights Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and
- (ii) subject to the availability of excess Rights Shares, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess application on a pro rata basis based on the excess Rights Shares applied for by them.

In applying the principles in (i) and (ii) above, reference will only be made to the number of excess Rights Shares being applied for. No reference will be made to Rights Shares comprised in applications by PAL or the existing number of Shares held by Qualifying Shareholders.

LETTER FROM THE BOARD

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company at the close of business on the Record Date.

The allocation of excess Rights Shares (if any) made to the Qualifying Shareholders will be announced on or about Tuesday, 30 June 2015. If no excess Rights Shares are allotted to the Qualifying Shareholders, the amount tendered on application are expected to be refunded in full, without interest, by means of cheques despatched by the ordinary post to their respective addresses at their own risk on or before Thursday, 2 July 2015. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, the surplus application monies, without interest, are expected to be refunded by means of cheques despatched by the ordinary post to their respective addresses at their own risk on or before Thursday, 2 July 2015.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection of the EAF and any acceptance of it, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited has given, or be subject to, any of the above representation or warranty. Completion and return of the EAF together with a cheque or cashier's order in payment for excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. If any cheque or cashier's order accompanying a completed EAF is dishonoured on first presentation, without prejudice to the other rights of the Company, such EAF is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for the amount due, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as shown in the register of members of the Company on the Record Date.

If the Underwriter exercises the right to terminate the Underwriting Agreement or if the conditions of the Rights Issue are not fulfilled, the monies received in respect of the relevant applications for excess Rights Shares will be returned to the applicants, or in case of joint applicants, to the first-named person, without interest by means of cheques despatched by the ordinary post to their respective addresses at their own risk on or before Thursday, 2 July 2015.

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Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue and the Underwriting Agreement not being terminated by the Underwriter, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Thursday, 2 July 2015. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Thursday, 2 July 2015 by ordinary post to the applicants at their own risk.

Applicant(s) will receive one share certificate for all the Rights Shares issued to him/her/it/them.

The first day of dealings in the Rights Shares in their fully-paid form is expected to commence on 9:00 a.m. on Friday, 3 July 2015.

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Nil-paid Rights Shares will be traded in board lots of 5,000 Shares (as the Shares are currently traded on the Stock Exchange in board lots of 5,000 Shares), but fully-paid Rights Shares will be traded in board lots of 15,000 Shares (upon change in board lot size becoming effective at 9 a.m. on 3 July 2015). Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

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Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled:

- (i) the delivery to the Stock Exchange and registration by the Registrar of Companies in Hong Kong respectively on or prior to the Posting Date of one copy of each of the Prospectus Documents each duly certified in compliance with section 38D of the Companies (WUMP) Ordinance (and all other documents required to be attached thereto) and the Listing Rules;
- (ii) the posting on the Posting Date of copies of the Prospectus Documents to the Qualifying Shareholders;
- (iii) compliance by the Company with certain of its obligations under the Underwriting Agreement;
- (iv) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the respective commencement dates for the trading of the nil-paid and fully-paid Rights Shares on the Stock Exchange and the Listing Committee of the Stock Exchange not having withdrawn or revoked such listings and permission on or before 4:00 p.m. on the Settlement Date;
- (v) the Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 10 trading days (other than any suspension pending clearance of the Announcement);
- (vi) no indication being received before 4:00 p.m. on the Settlement Date from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason; and
- (vii) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms thereof.

None of the above conditions is capable of being waived. In the event that the above conditions have not been satisfied on or before the Posting Date (or the relevant dates set out therein) or in the event that the conditions in points (iv) and (vi) above have not been satisfied on or before 4:00 p.m. on the Settlement Date (or such later date as the Underwriter and the

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Company may agree), all liabilities of the parties to the Underwriting Agreement shall cease and determine and none of the parties shall have any claim against the other (save in respect of any antecedent breaches and claims), and the Rights Issue will not proceed.

As at the Latest Practicable Date, none of the above conditions had been fulfilled.

Irrevocable Undertakings from the Concert Group

As of the Latest Practicable Date, the Concert Group together held an aggregate of 1,275,203,400 Shares, representing approximately 51.67% of the issued share capital of the Company.

Pursuant to the Concert Group Undertakings, each member of the Concert Group has irrevocably undertaken to the Company and the Underwriter, *inter alia*, that he/she/it (a) will subscribe the Rights Shares which will constitute the provisional allotment of Rights Shares in respect of the Shares held by him/her/them pursuant to the terms of the Rights Issue; (b) will not dispose the Shares held by him/her/them from the date of the Concert Group Undertakings to the close of business on the Record Date; and (c) will lodge acceptances in respect of the aforesaid Rights Shares lodge with the Registrar or the Company, with payment in full therefor in cash (whether by cheque, bank cashier's order or such other form as the Company may approve), by no later than 4:00 p.m. on the latest date for acceptance of the Rights Shares as specified by the Company or such later date as the Company may agree.

As at the Latest Practicable Date, none of the members of the Concert Group has undertaken to apply for excess Rights Shares. As such, any application for excess Rights Shares made, if at all, will be at the discretion of the relevant member.

Save for the irrevocable undertaking as disclosed above, as at the Latest Practicable Date, the Company had not received any information or irrevocable undertakings from other substantial Shareholders of their intention whether or not to take up their entitlements under the Rights Issue.

The Underwriting Agreement

Date : 14 May 2015

Underwriter : Get Nice Securities Limited. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Underwriter and its ultimate beneficial owner(s) is/are independent of, and not connected with the Company and/or its connected persons

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Total number of Rights Shares being underwritten by the Underwriter : The Underwriter has conditionally agreed pursuant to the Underwriting Agreement to underwrite the Rights Shares (other than those Rights Shares which the Concert Group has undertaken to take up pursuant to the Concert Group Undertakings) not subscribed by the Qualifying Shareholders on a fully underwritten basis to a maximum extent, being 596,315,364 Rights Shares, subject to the terms and conditions of the Underwriting Agreement

Commission : 2% of the aggregate Subscription Price of the 596,315,364 Underwritten Rights Shares

The Board considers the terms of the Underwriting Agreement including the commission rate accord with the market practice and are fair and reasonable so far as the Company and the Shareholders are concerned.

Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to 4:00 p.m. on the Settlement Date if there occurs:-

- (i) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (ii) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or currency (including any disruption to trading generally or trading in any securities of the Company on any stock exchange, or a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict; or
- (iii) any act of God, fire, flood, explosion, epidemic, earthquake, nuclear or natural disaster, war, act of terrorism, riot, public disorder, civil commotion, strike or lock-out; or
- (iv) any suspension or a material limitation in trading in securities generally on the Stock Exchange, or a general moratorium on commercial banking activities in Hong Kong declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong;

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and in the absolute opinion of the Underwriter, such change could have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

If, at or prior to 4:00 p.m. on the Settlement Date:

- (i) the Company commits any material breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement which breach or omission could have a material and adverse effect on its business, financial or trading position; or
- (ii) the Underwriter shall receive notification pursuant to the Underwriting Agreement, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue, inaccurate or misleading, or would be untrue, inaccurate or misleading if repeated as provided in the Underwriting Agreement and the Underwriter shall, in its absolute opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue;

the Underwriter shall be entitled (but not bound) by notice in writing to the Company prior to the Settlement Date to terminate the Underwriting Agreement and the obligations of all parties under the Underwriting Agreement shall terminate forthwith.

Upon the giving of notice pursuant to the Underwriting Agreement, all obligations of the Underwriter thereunder shall cease and determine and none of the parties to the Underwriting Agreement shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breaches and claims).

If the Underwriter exercises the above right, the Rights Issue will not proceed.

FUND RAISING EXERCISE OF THE COMPANY

The Company had not conducted any equity fund raising exercise in the past twelve months immediately preceding the Latest Practicable Date.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

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

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The gross proceeds from the Rights Issue will be approximately HK\$185.1 million and the estimated net proceeds of the Rights Issue will be approximately HK\$181.7 million. The Company intends to apply the net proceeds of approximately HK\$156 million for construction costs of an existing high-rise residential development with a total gross floor area of approximately 86,000 square meters alongside Hotel Fortuna, Foshan in the PRC, and the remaining balance of the net proceeds of approximately HK\$25.7 million for general and administrative expenses of the Group.

The Directors had considered other alternatives of fund raising, including bank borrowings and placing of new Shares and are of the view that bank borrowings will increase the interest burden of the Group while placing of new Shares will result in dilution of the interests of Shareholders. The Board considers that the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company, hence the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.

The Shares have been dealt in on an ex-rights basis from Tuesday, 2 June 2015. Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 11 June 2015 to Thursday, 18 June 2015 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

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SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Rights Issue, assuming no new Shares (other than the Rights Shares) will be issued and there is no repurchase of Shares by the Company during the period from the Latest Practicable Date to immediately after completion of the Rights Issue:

Name of Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue assuming all the Qualifying Shareholders, including the Concert Group, take up their respective allotment of Rights Shares in full		Immediately after completion of the Rights Issue assuming no Qualifying Shareholder (other than the Concert Group) takes up any of the Rights Shares and the Underwriter takes up the Rights Shares to the maximum extent	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Concert Group:						
Mr. Sio (Note 1)						
Ms. Liu (spouse of Mr. Sio)	24,491,000	0.99	36,736,500	0.99	36,736,500	0.99
Fullkeen	<u>861,075,000</u>	<u>34.89</u>	<u>1,291,612,500</u>	<u>34.89</u>	<u>1,291,612,500</u>	<u>34.89</u>
	885,566,000	35.88	1,328,349,000	35.88	1,328,349,000	35.88
Mr. Chu (Note 2)	357,147,400	14.47	535,721,100	14.47	535,721,100	14.47
Mr. Si	<u>32,490,000</u>	<u>1.32</u>	<u>48,735,000</u>	<u>1.32</u>	<u>48,735,000</u>	<u>1.32</u>
Aggregate holdings of Concert Group	1,275,203,400	51.67	1,912,805,100	51.67	1,912,805,100	51.67
Underwriter (Note 3)	–	–	–	–	596,315,364	16.11
Public	<u>1,192,630,729</u>	<u>48.33</u>	<u>1,788,946,093</u>	<u>48.33</u>	<u>1,192,630,729</u>	<u>32.22</u>
Total	<u>2,467,834,129</u>	<u>100.00</u>	<u>3,701,751,193</u>	<u>100.00</u>	<u>3,701,751,193</u>	<u>100.00</u>

Notes:

- As at the Latest Practicable Date, Mr. Sio is deemed to be interested in 885,566,000 Shares, which comprises 24,491,000 Shares beneficially owned by Ms. Liu and 861,075,000 Shares held through Fullkeen.
- As at the Latest Practicable Date, Mr. Chu is deemed to be interested in 357,147,400 Shares, which comprises 23,700,000 Shares beneficially owned by him and 333,447,400 Shares held through Supervalve.
- The Underwriter has confirmed that none of the ultimate subscribers or purchasers of the Rights Shares will (i) hold 10% or more of the voting rights of the Company immediately after completion of the Rights Issue; and (ii) be parties acting in concert with members of the Concert Group.

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TAXATION

Qualifying Shareholders are recommended to consult their professional advisors if they are in any doubt as to the tax implications of the holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms and, as regards the Non-Qualifying Shareholders, their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

SHAREHOLDERS' APPROVAL NOT REQUIRED

There is no requirement under the Listing Rules for the Rights Issue to be approved by the Shareholders in general meeting.

CHANGE IN BOARD LOT SIZE

The Shares are currently traded in board lots of 5,000 Shares each and the market value of each board lot is HK\$1,215 (based on the closing price of HK\$0.243 per Share as quoted on the Stock Exchange on the Latest Practicable Date). In order to increase the value of each board lot of the Shares, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposed, subject to the completion of the Rights Issue, to change the board lot size for trading of the Shares from 5,000 Shares to 15,000 Shares with effect from 9:00 a.m. on Friday, 3 July 2015. Based on the closing price of the Shares on the Latest Practicable Date of HK\$0.243, the estimated value for the new board lot size of 15,000 Shares would be approximately HK\$3,645. The change in board lot size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and the Shareholders as a whole.

In order to alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company has appointed Get Nice Securities Limited as an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Friday, 3 July 2015 to 4:00 p.m. on Thursday, 23 July 2015 (both dates inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker contact Mr. Larry Ng of Get Nice Securities Limited at 10/F, Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong (telephone: (852) 2526 7868 and facsimile: (852) 2537 2987) during such period. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

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All existing share certificates in board lot of 5,000 Shares will continue to be evidence of entitlement to the Shares and be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the change in board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 5,000 Shares to new share certificates in board lot size of 15,000 Shares is necessary. Subject to completion of the Rights Issue, with effect from 9:00 a.m. on Friday, 3 July 2015, the Shares (including the fully-paid Rights Shares to be issued under the Rights Issue) will be traded in board lot of 15,000 Shares and any new certificate of the Shares will be issued in new board lot size of 15,000 Shares (except for odd lots or where the Shareholder(s) otherwise instruct(s)). Save and except for the change in the number of Shares for each board lot, new certificates of Shares will have the same format and colour as the existing certificates of Shares.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

Yours faithfully,
For and on behalf of
Capital Estate Limited
Sio Tak Hong
Chairman

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 July 2014, respectively, and for the six months ended 31 January 2015 is disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.capitalestate.com.hk):

- (i) the unaudited consolidated financial information included in the Company's interim report for the six months ended 31 January 2015 (pages 4 to 16);
- (ii) the audited consolidated financial statements included in the Company's annual report for the year ended 31 July 2014 (pages 20 to 86);
- (iii) the audited consolidated financial statements included in the Company's annual report for the year ended 31 July 2013 (pages 20 to 86); and
- (iv) the audited consolidated financial statements included in the Company's annual report for the year ended 31 July 2012 (pages 19 to 80).

The auditor of the Company has not issued any qualified opinion on the Group's financial statements for each of the three financial years ended 31 July 2014.

2. INDEBTEDNESS

At the close of business on 30 April 2015, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of the Prospectus, the Group had total outstanding borrowings of approximately HK\$325.89 million, comprising (i) bank borrowings of approximately HK\$4.66 million, which were unguaranteed but secured by listed debt and equity securities of approximately HK\$4.66 million; (ii) loan from a Director of approximately HK\$50.00 million, which was unsecured and unguaranteed; (iii) amounts due to other related parties of approximately HK\$271.22 million, which were unsecured and unguaranteed; and (iv) corporate credit card payables of approximately HK\$0.01 million, which were unguaranteed but secured by a bank deposit of approximately HK\$0.64 million.

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, guarantees or other material contingent liabilities as at the close of business on 30 April 2015.

The Directors have confirmed that there has been no material change in the indebtedness of the Group since 30 April 2015 and up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account the cash flows generated from the operating activities, the financial resources available to the Group including internally generated funds, the available credit facilities and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for at least the next twelve months from the date of this Prospectus in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 July 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. BUSINESS REVIEW

For the six months ended 31 January 2015, the principal activities of the Group are property investment and development, hotel operation, financial investment and related activities.

Property investment and development

The Group continues to plan the vacant land of approximately 9,553 square meters located in Coloane, Macau for residential development. According to a revised building plan submitted in late 2013, six luxury residential houses will be built with extensive outdoor areas and a gross floor area of approximately 5,000 square meters. The Group is awaiting approval of the building plan for the commencement of the development.

The Group also holds an effective 5% interest in the land site at Avenida Commercial de Macau through an investee company. The site is for the development of a luxurious residential building on the waterfront at Nam Van Lake with a maximum permitted gross floor area of approximately 55,800 square meters.

Hotel operation

The Group has a 75% effective interest in Hotel Fortuna, Foshan with over 400 rooms located at Le Cong Zhen, Shun De District, Foshan, the PRC. During the year ended 31 December 2014, the hotel had an average occupancy rate of approximately 58.2% and a turnover of approximately HK\$124.7 million in 2014 compared to HK\$140.2 million in 2013.

The Group also holds a 32.5% interest in Hotel Fortuna, Macau through Tin Fok Holding Company Limited, an associated company of the Group. The hotel maintained a high occupancy rate of approximately 92.5% and recorded a turnover of approximately HK\$283.9 million in 2014 compared to HK\$261.3 million in 2013.

6. FINANCIAL AND TRADING PROSPECTS

The Group has commenced the planned development of a high-rise residential complex with a total gross floor area of approximately 86,000 square meters alongside Hotel Fortuna, Foshan. The development is expected to fully utilize the undeveloped permissible plot ratio counted gross floor area of Hotel Fortuna, Foshan and maximize shareholders' return.

The Directors are of the view that the Group maintains a healthy financial position and is confident with the business outlook of the property and hospitality sectors in Macau and the PRC. The Group will continue to capture sound business opportunities which may provide growth, capital appreciation and profit to the Group.

1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared to illustrate the effect of the Rights Issue on the net tangible assets of the Group as if the Rights Issue had been completed on 31 January 2015. As it is prepared for illustrative purposes only, and because of its nature, it may not give a true picture of the financial position of the Group upon completion of the Rights Issue.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the net tangible assets of the Group attributable to owners of the Company as at 31 January 2015 as extracted from the interim report of the Group dated 25 March 2015 and is adjusted for the effect of the Rights Issue.

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 January 2015 (Note 1) HK\$'000	Estimated net proceeds from the Rights Issue (Note 2) HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as adjusted for the Rights Issue HK\$'000	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 January 2015 (Note 3) HK\$	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as adjusted for the Rights Issue (Note 4) HK\$
809,986	181,699	991,685	0.33	0.27

Notes:

- The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 January 2015 amounted to HK\$809,986,000. This amount is derived based on net assets attributable to owners of the Company of HK\$812,348,000 as extracted from the condensed consolidated statement of financial position of the Group as at 31 January 2015 as set out in the 2014/15 interim report of the Group dated 25 March 2015 and after deducting goodwill included in interest in an associate of HK\$2,362,000. This amount of goodwill is the same as that as at 31 July 2014 as extracted from note 20 to the consolidated financial statements of the Group for the year ended 31 July 2014 as set out in the 2014 annual report of the Group dated 21 October 2014.

2. The estimated net proceeds from the Rights Issue are based on 1,233,917,064 Rights Shares at HK\$0.15 per Rights Share on the basis of one Rights Share for every two Shares of the Company held as at the Latest Practicable Date, after deducting the estimated underwriting commission and other related expenses of approximately HK\$3,389,000 to be incurred by the Company.
3. The number of Shares used for the calculation of this amount is 2,467,834,129 Shares in issue as at 31 January 2015.
4. The number of Shares used for the calculation of this amount is 3,701,751,193, representing 2,467,834,129 Shares in issue as at 31 January 2015 and 1,233,917,064 Rights Shares.
5. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 January 2015.

2. REPORT ON THE UNAUDITED PRO FORMA CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the text of a report received from the auditor of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Group for the purpose of incorporation in this Prospectus.

Deloitte.
德勤

德勤•關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF CAPITAL ESTATE LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Capital Estate Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 January 2015 and related notes as set out on pages 28 and 29 of the prospectus issued by the Company dated 9 June 2015 (the “Prospectus”). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages 28 and 29 of the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed rights issue of 1,233,917,064 rights shares at HK\$0.15 per rights share on the basis of one rights share for every two shares of the Company (the “Rights Issue”) on the Group’s financial position as at 31 January 2015 as if the Rights Issue had taken place at 31 January 2015. As part of this process, information about the Group’s consolidated net tangible assets has been extracted by the Directors from the Group’s condensed consolidated financial statements for the six months ended 31 January 2015, on which a review report has been published.

Directors’ Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 31 January 2015 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

9 June 2015

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

Pursuant to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Company, being a company incorporated in Hong Kong, no longer has an authorised share capital and par value with effect from 3 March 2014.

The issued share capital of the Company as at the Latest Practicable Date and immediately following the completion of the Rights Issue were as follows:

Issued and to be issued:

2,467,834,129 Shares in issue as the Latest Practicable Date

1,233,917,064 Rights Shares to be allotted and issued under the Rights Issue

3,701,751,193 Shares in issue immediately after completion of the Rights Issue

All of the Rights Shares to be issued will rank *pari passu* in all respect with each other, including, in particular, as to dividends, voting rights and capital, and with all the Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

No capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

As at the Latest Practicable Date, there were no arrangement under which future dividends were waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(a) Long positions in the Shares

Name of Director	Capacity	Number of Shares	Approximate percentage of shareholding in the Company (Note 3)
Mr. Sio	Interest of controlled corporation	1,291,612,500 (Note 1)	34.89%
	Family Interest	36,736,500 (Note 1)	0.99%
Mr. Chu	Beneficial owner	35,550,000 (Note 2)	0.96%
	Interest of controlled corporation	500,171,100 (Note 2)	13.51%
Lau Chi Kan, Michael	Beneficial owner	7,500	0.00%

Notes:

- Mr. Sio is deemed to be interested in 1,328,349,000 Shares, which comprises 36,736,500 Shares beneficially owned by Ms. Liu (spouse of Mr. Sio) and 1,291,612,500 Shares held through Fullkeen. These include Rights Shares which Mr. Sio and his associates have undertaken to take up under the Rights Issue pursuant to the Concert Group Undertakings.

2. Mr. Chu is deemed to be interested in 535,721,100 Shares, which comprises 35,550,000 Shares beneficially owned by him and 500,171,100 Shares held through Supervalve. These include Rights Shares which Mr. Chu and his associates have undertaken to take up under the Rights Issue pursuant to the Concert Group Undertakings.
3. The percentage of shareholding in the Company is calculated by reference to the number of Shares as enlarged by the issue of the Rights Shares immediately after completion of the Rights Issue.

(b) Long positions in Tin Fok Holding Company Limited (“Tin Fok”), an associated corporation of the Company

Name of Director	Capacity	Number of shares in Tin Fok held (Note)	Percentage of the issued capital of Tin Fok
Mr. Sio	Interest of controlled corporation	1,270 (Note 1)	63.5%
Mr. Chu	Interest of controlled corporation	170 (Note 2)	8.5%

Notes:

1. Mr. Sio was deemed to be interested in the 1,270 shares in Tin Fok in which 1,100 shares were held through Global Master Management Limited, which is in turn 70% owned by Mr. Sio, and 170 shares were held through Macro Rich Limited, which is turn 41.2% owned by Global Master Management Limited.
2. Mr. Chu was deemed to be interested in the 170 shares in Tin Fok held through Macro Rich Limited, which is in turn 58.8% owned by Mr. Chu.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in the Shares

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of shareholding in the Company (Note 4)
Fullkeen	Beneficial owner	1,291,612,500 (Note 1)	34.89%
Mr. Sio	Interest of controlled corporation	1,291,612,500 (Note 1)	34.89%
	Family Interest	36,736,500 (Note 1)	0.99%
Supervalue	Beneficial owner	500,171,100 (Note 2)	13.51%
Mr. Chu	Beneficial owner	35,550,000 (Note 2)	0.96%
The Underwriter	Beneficial owner	596,315,364 (Note 3)	16.11%
Get Nice Incorporated	Interest of controlled corporation	596,315,364 (Note 3)	16.11%
Get Nice Holdings Limited	Interest of controlled corporation	596,315,364 (Note 3)	16.11%

Notes:

1. Mr. Sio is deemed to be interested in 1,328,349,000 Shares, which comprises 36,736,500 Shares beneficially owned by Ms. Liu (spouse of Mr. Sio) and 1,291,612,500 Shares held through Fullkeen (where Mr. Sio is a director). These include the Rights Shares which Mr. Sio and his associates have undertaken to take up under the Rights Issue pursuant to the Concert Group Undertakings.
2. Mr. Chu is deemed to be interested in 535,721,000 Shares, which comprises 35,550,000 Shares beneficially owned by him and 500,171,100 Shares held through Supervalve (where Mr. Chu is a director). These include the Rights Shares which Mr. Chu and his associates have undertaken to take up under the Rights Issue pursuant to the Concert Group Undertakings.
3. These are the Rights Shares underwritten by the Underwriter pursuant to the Underwriting Agreement. The Underwriter is a wholly owned subsidiary of Get Nice Incorporated which in turn is a wholly owned by Get Nice Holdings Limited.
4. The percentage of shareholding in the Company is calculated by reference to the number of Shares in issue as enlarged by the issue of the 1,233,917,064 Rights Shares immediately after completion of the Rights Issue.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such capital.

5. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

- (i) As at the Latest Practicable Date, none of the Directors had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to or which are proposed to be acquired, disposed of by or leased to any member of the Group since 31 July 2014, the date to which the latest published audited financial statements of the Group were made up.
- (ii) There is no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group as a whole.

6. EXPERT

The following is the qualifications of the expert who has given opinions or advice, which are contained in this Prospectus:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants

As at the Latest Practicable Date, Deloitte Touche Tohmatsu does not hold any shareholding in any member of the Group or have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did they have any interest, either directly or indirectly, in any assets which had been, since 31 July 2014 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

Deloitte Touche Tohmatsu has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letters, reports and/or summary of its opinions (as the case may be) and references to its name in the form and context in which they respectively appear herein.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any other member of the Group (excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation)).

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

9. SHARE OPTION SCHEME

The Company adopted a share option scheme on 7 December 2012. The nominal consideration of HK\$1 is payable on acceptance of each grant. As at the Latest Practicable Date, no share options have been granted and remained outstanding under such share option scheme.

10. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the seventh supplemental agreement dated 18 December 2013 entered into between Kong Kei Construction Limited (“Kong Kei”), Tamulus Limited (“Tamulus”), Mr. Wong Tak Chong (“Mr. Wong”) and Mr. Chen Yanping (“Mr. Chen”) which, amongst other things, further extend the long stop date of the agreement (the “June Agreement”) dated 29 June 2007 regarding sale and purchase of 49% of the issued quota capital of Sun Fat Investment and Industry Company Limited (“Sun Fat”) at nil consideration;
- (b) the seventh supplemental agreement dated 18 December 2013 entered into between Kong Kei, Silver Pro Limited (“Silver Pro”), Tamulus, Mr. Wong and Mr. Chen which, amongst other things, further extend the long stop date of the agreement (the “October Agreement”) dated 5 October 2007 regarding sale and purchase of 50% of the issued quota capital of Sun Fat at nil consideration;
- (c) the eighth supplemental agreement dated 20 January 2015 entered into between Kong Kei, Tamulus, Mr. Wong and Mr. Chen which, amongst other things, further extend the long stop date of the June Agreement at nil consideration;
- (d) the eighth supplemental agreement dated 20 January 2015 entered into between Kong Kei, Silver Pro, Tamulus, Mr. Wong and Mr. Chen which, amongst other things, further extend the long stop date of the October Agreement at nil consideration; and
- (e) the Underwriting Agreement.

11. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE

Registered office of the Company	17th Floor Asia Orient Tower, Town Place 33 Lockhart Road Wanchai Hong Kong
Share registrar and transfer office of the Company	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East, Wanchai Hong Kong
Authorised representatives	Chu Nin Yiu, Stephen 17th Floor Asia Orient Tower, Town Place 33 Lockhart Road Wanchai Hong Kong Hung Yat Ming 17th Floor Asia Orient Tower, Town Place 33 Lockhart Road Wanchai Hong Kong
Company Secretary	Hung Yat Ming, CA, HKICPA 17th Floor Asia Orient Tower, Town Place 33 Lockhart Road Wanchai Hong Kong

Joint Financial Advisers to the Company for the Rights Issue	Get Nice Securities Limited 10th Floor, Cosco Tower Grand Millennium Plaza 183 Queen's Road Central Hong Kong Walker Capital Limited Suite 606, Eton Tower 8 Hysan Avenue Causeway Bay Hong Kong
Underwriter of the Rights Issue	Get Nice Securities Limited 10th Floor, Cosco Tower Grand Millennium Plaza 183 Queen's Road Central Hong Kong
Legal advisers to the Company for the Rights Issue	Reed Smith Richards Bulter 20th Floor, Alexandra House 18 Chater Road Central Hong Kong
Auditors	Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35/F, One Pacific Place 88 Queensway Hong Kong
Principal bankers	Hong Kong and Shanghai Banking Corporation Limited Tsim Sha Tsui Branch HSBC Building Tsim Sha Tsui 82-84 Nathan Road Tsim Sha Tsui Hong Kong

12. DIRECTORS

Particulars of Directors

Name

Correspondence Address

Executive Directors

Mr. Sio Tak Hong

17th Floor
Asia Orient Tower, Town Place
33 Lockhart Road
Wanchai
Hong Kong

Mr. Chu Nin Yiu, Stephen

17th Floor
Asia Orient Tower, Town Place
33 Lockhart Road
Wanchai
Hong Kong

Mr. Chu Nin Wai, David

17th Floor
Asia Orient Tower, Town Place
33 Lockhart Road
Wanchai
Hong Kong

Mr. Lau Chi Kan, Michael

17th Floor
Asia Orient Tower, Town Place
33 Lockhart Road
Wanchai
Hong Kong*Independent non-executive Directors*

Mr. Li Sze Kuen, Billy

17th Floor
Asia Orient Tower, Town Place
33 Lockhart Road
Wanchai
Hong Kong

Mr. Wong Kwong Fat
17th Floor
Asia Orient Tower, Town Place
33 Lockhart Road
Wanchai
Hong Kong

Mr. Leung Kam Fai
17th Floor
Asia Orient Tower, Town Place
33 Lockhart Road
Wanchai
Hong Kong

Executive Directors:

Sio Tak Hong, aged 52, is an Executive Director, Chairman of the Company. He was appointed to the Board in July 2009. Mr. Sio is a director of Sociedade de Empreendimentos Nam Van, S.A. (南灣發展股份有限公司). Mr. Sio is also a standing committee member of The Chinese People's Political Consultative Conference of Guangdong province, Macau District, representative of the Election Committee of Chief Executive of Macau and a Honorary Consul of Grenada since 2005.

Chu Nin Yiu, Stephen, aged 58, is an Executive Director, Chief Executive Officer of the Company. He was appointed to the Board in May 2005. Mr. Stephen Chu was a 1994 Awardee Member of Hong Kong Young Industrialists Council Limited, and a director of Tung Wah Group of Hospitals for the year 2001/02. He is the younger brother of the Deputy Chairman of the Company, Mr. Chu Nin Wai, David.

Chu Nin Wai, David, aged 60, is an Executive Director, Deputy Chairman of the Company. He was appointed to the Board in May 2005. He has experience in property development and investment. He is the elder brother of the Chief Executive Officer and the substantial shareholder of the Company, Mr. Chu Nin Yiu, Stephen.

Lau Chi Kan, Michael, aged 58, joined the Board in May 2005. He owns and manages a garment merchandising and trading company in Hong Kong and an apparel importing company in the United States. Mr. Lau is also the major shareholder of a number of companies in Hong Kong, which are engaged in furniture and textile trading.

Independent non-executive Directors:

Li Sze Kuen, Billy, aged 68, was appointed to the Board in May 2005. He has professional experience in audit and accounting, and is currently a director of a CPA firm in Hong Kong. Mr. Li is a member of the Institute of Chartered Accountants of Manitoba, and the Hong Kong Institute of Certified Public Accountants.

Wong Kwong Fat, aged 59, was appointed to the Board in June 2005. He joined an insurance broking company in Hong Kong as a manager on 1 April 2001. He is responsible for staff management and co-ordination and the marketing and promotion of and advising on various insurance policies. Mr. Wong is a Fellow Chartered Financial Practitioner of the Life Underwriter Association of Hong Kong.

Leung Kam Fai, aged 53, was appointed to the Board in June 2005. He is a solicitor of the High Court of Hong Kong. Mr. Leung currently is a partner solicitor with Messrs. Patrick Wong & Co., Solicitors. Mr. Leung graduated from the University of Hong Kong with a Bachelor of Laws degree, and was awarded the Sir Man Kam Lo/Jardine Scholarship in 1991. He also holds a Bachelor of Arts degree from the University of Washington in the United States and a postgraduate certificate in laws from the University of Hong Kong.

13. MISCELLANEOUS

The English texts of this Prospectus, the PAL and the EAF shall prevail over their Chinese texts in case of inconsistencies.

14. EXPENSES

The expenses in connection with the Rights Issue, including the underwriting commission, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$3.4 million, and will be payable by the Company.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus, the PAL and the EAF, having attached thereto the written consent referred to under the paragraph headed “Expert” in this appendix, have been registered with the Registrar of Companies in Hong Kong pursuant to section 38D of the Companies (WUMP) Ordinance.

16. BINDING EFFECT

The Prospectus Documents, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of sections 44A and 44B of the Companies (WUMP) Ordinance, so far as applicable.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at 17th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong from the date of this Prospectus up to and including 23 June 2015:

- (a) the memorandum and the articles of association of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 July 2012, 2013 and 2014;
- (c) the report on the unaudited pro forma financial information of the Group issued by Deloitte Touche Tohmatsu set out in section 2 of appendix II to this Prospectus;
- (d) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this appendix;
- (e) the letter of consent referred to in the paragraph under the heading “Expert” in this appendix; and
- (f) this Prospectus.