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## **PROPOSED CAPITAL REORGANISATION INVOLVING CAPITAL REDUCTION, SHARE PREMIUM REDUCTION AND SHARE CONSOLIDATION**

The Board proposes the Capital Reorganisation which involves the Capital Reduction, the Share Premium Reduction and the Share Consolidation.

The Capital Reduction involves a reduction in the nominal value of the existing issued shares of HK\$0.01 each by HK\$0.0095 to HK\$0.0005.

The Share Premium Reduction involves cancellation of the entire amount standing to the credit of the share premium account of the Company.

The Share Consolidation involves a consolidation of every 20 shares of HK\$0.0005 each resulting from the Capital Reduction into one share of HK\$0.01.

The amounts arising from the Capital Reduction and the Share Premium Reduction will be credited to the contributed surplus of the Company which will be used to eliminate the accumulated losses of the Company.

### **CAPITAL REORGANISATION**

The Board proposes the Capital Reorganisation which involves the Capital Reduction, the Share Premium Reduction and the Share Consolidation.

#### **1. Capital Reduction**

Pursuant to the Capital Reduction, the issued share capital of the Company will be reduced by HK\$0.0095 per Existing Share by cancelling an equivalent amount of paid-up capital per Existing Share so that the nominal value of each Existing Share in issue will be reduced from HK\$0.01 to HK\$0.0005.

## **2. Share Premium Reduction**

Pursuant to the Share Premium Reduction, the entire amount standing to the credit of the share premium account of the Company will be cancelled.

The credit arising from (1) and (2) above will be transferred to the contributed surplus account of the Company where it may be utilised by the Directors in accordance with the Bye-laws of the Company and all applicable laws, including to apply such credit against the accumulated losses of the Company.

## **3. Share Consolidation**

Immediately following the Capital Reduction, the Share Consolidation will be implemented whereby every 20 shares of HK\$0.0005 each resulting from the Capital Reduction will be consolidated into one Consolidated Share of HK\$0.01. Fractional Consolidated Shares will not be issued to the Shareholders but will be aggregated and, if possible, sold for the benefits of the Company.

## **4. Effects of the Capital Reorganisation**

As at the date of this announcement, the authorised share capital of the Company amounts to HK\$100,000,000 comprising 10,000,000,000 Existing Shares, of which 1,654,080,285 Existing Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Capital Reorganisation taking effect and on the basis that the Company does not allot and issue any further Existing Shares prior thereto, the authorised share capital of the Company shall remain at HK\$100,000,000 comprising 10,000,000,000 Consolidated Shares, but of which 82,704,014 Consolidated Shares only will be in issue. The Consolidated Shares will rank pari passu in all respects with each other.

On the basis of 1,654,080,285 Existing Shares in issue and the unaudited amount of approximately HK\$58.7 million standing to the credit of the share premium account of the Company as at 31st March, 2005, a credit of approximately HK\$74.4 million will arise from the Capital Reduction and the Share Premium Reduction. Such amount will be transferred to the contributed surplus account of the Company upon implementation of the Capital Reduction and the Share Premium Reduction. The contributed surplus of the Company will be applied to eliminate the accumulated losses of the Company, which amounted to approximately HK\$71.7 million as at 30th September, 2004. Based on the above, the accumulated losses of the Company will be fully eliminated and there will be a surplus of approximately HK\$2.7 million standing to the credit of the contributed surplus account of the Company following completion of the Capital Reorganisation.

Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, Consolidated Shares to be in issue upon the Capital Reorganisation taking effect.

Subject to the Capital Reorganisation becoming unconditional, Shareholders may submit existing share certificates for Existing Shares to Tengis Limited, the branch registrar of the Company in Hong Kong, in exchange, at the expense of the Company, for new share certificates for Consolidated Shares (on the basis of 20 Existing Shares for one Consolidated Share).

Upon the Capital Reorganisation becoming effective, all existing share certificates for the Existing Shares will be replaced by new certificates for Consolidated Shares for the purposes of trading on the Stock Exchange. Parallel trading arrangements for Existing Shares and Consolidated Shares will be established for trading on the Stock Exchange.

In order to facilitate the trading of odd lots of Consolidated Shares as a result of the Share Consolidation, the Company will appoint an agent to provide a “matching service” to Shareholders who wish to buy or sell their holding of odd lots on a “best effort” basis.

Further details of the aforesaid (i) arrangement regarding free exchange of share certificates; (ii) parallel trading arrangements for Existing Shares and Consolidated Shares; and (iii) “matching service” for the trading of odd lots will be included in the circular to be despatched to the Shareholders and will be announced by way of press announcement upon despatch of the circular by the Company.

## **5. Conditions of the Capital Reorganisation**

The Capital Reorganisation is conditional on:

- (i) the passing by the Shareholders of a special resolution to approve the Capital Reorganisation;
- (ii) compliance with the relevant legal procedures and requirements under Bermuda law to effect the Capital Reorganisation; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued.

## **6. Reasons for the Capital Reorganisation**

The unaudited interim financial statements of the Company as at 30th September, 2004 showed that the Company had accumulated losses of approximately HK\$71.7 million. The Directors consider that it would be inappropriate for the Company to pay dividends while the deficit remains and the Capital Reorganisation will facilitate such payment as and when appropriate in future. Based on the accumulated losses as at 30th September, 2004, the number of Shares in issue as at the date of this announcement and the unaudited balance of share premium as at 31st March, 2005, it is expected that the accumulated losses of the Company will be fully eliminated upon the Capital Reduction becoming effective.

In view of the relatively low market value for each existing board lot of the Shares, the Directors believe that the Share Consolidation will increase the value per share and reduce the transaction costs for dealing in the shares in the Company, including charges by reference to the number of share certificate issued.

### **GENERAL**

A circular containing details of the Capital Reorganisation and a notice convening the SGM will be despatched to Shareholders as soon as possible.

### **TERMS USED IN THIS ANNOUNCEMENT**

In this announcement, the following terms have the following meanings:

“Board”	the board of Directors
“Capital Reduction”	the proposed capital reduction which involves the nominal value of each Existing Share in issue being reduced from HK\$0.01 to HK\$0.0005
“Capital Reorganisation”	collectively, the Capital Reduction, the Share Premium Reduction and the Share Consolidation
“Company”	Xin Corporation Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Consolidated Share(s)”	new ordinary share(s) of HK\$0.01 each in the capital of the Company after the Share Consolidation has taken effect
“Directors”	directors of the Company
“Existing Shares”	existing ordinary shares of HK\$0.01 each in the capital of the Company

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SGM”	the special general meeting of the Company to be held to consider and, if appropriate, approve the Capital Reorganisation
“Shareholder(s)”	holder(s) of Existing Shares or, as the case may be, Consolidated Shares
“Share Consolidation”	the proposed consolidation of every 20 shares of HK\$0.0005 each resulting from the Capital Reduction into one Consolidated Share of HK\$0.01
“Share Premium Reduction”	the proposed cancellation of the entire amount standing to the credit of the share premium account of the Company as at 31st March, 2005
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

On behalf of the Board  
**Lo Ming Chi, Charles**  
*Chairman*

Hong Kong, 13th April, 2005

*As at the date of this announcement, the Board comprises Mr. Lo Ming Chi, Charles (Chairman), Mr. Yu Wai Man, Mr. Wilson Ng, Mr. Ng Wee Keat and Mr. Ng Eng Leng as executive directors and Mr. Wong Kwok Tai, Mr. Lau Pok Lam and Mr. Ko Kwong Woon, Ivan as independent non-executive directors.*

*\* For identification only*

Please also refer to the published version of this announcement in The Standard.