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CAPITAL ESTATE LIMITED
冠中地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 193)

DISCLOSEABLE TRANSACTION
ACQUISITION OF A 5% INTEREST IN
SOCIEDADE DE INVESTIMENTO IMOBILIÁRIO PUN KENG VAN, SARL

The Purchaser, a wholly-owned subsidiary of the Company, has agreed to acquire a 5% interest in the issued share capital of Sociedade de Investimento Imobiliário Pun Keng Van, SARL from the Vendor, for a total consideration of HK\$56.25 million.

The Macau Company is a company incorporated in Macau with limited liability and is 77% beneficially owned by the Vendor. The Vendor and its ultimate beneficial owner are Independent Third Parties. The principal asset of the Macau Company is its 100% ownership in a piece of land located at Avenida Comercial de Macau — Baía de Praia Grande, Zona A “Lote 9” (澳門商業大馬路之土地 — 南灣, A 區域 “9地段”).

The Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. A circular containing, among other things, details of the Agreement will be despatched to the Shareholders as soon as practicable.

The Board is pleased to announce that on 3 April 2006, a sale and purchase agreement was entered into between the Vendor, the Purchaser and Mr. Sio Tak Hong as the guarantor. The Purchaser is a wholly-owned subsidiary of the Company. Pursuant to the Agreement, the Vendor agreed to dispose of and the Purchaser agreed to acquire a 5% equity interest in the Macau Company for a total consideration of HK\$56.25 million. The principal asset of the Macau Company is its 100% ownership of the Property.

Summarised below are the principal terms of the Agreement.

THE AGREEMENT

(i) Date

3 April 2006

(ii) Parties

Vendor: Grand Chance Consultants Limited

Purchaser: Evergood Management Limited, a wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability

Guarantor: Mr. Sio Tak Hong

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor, its ultimate beneficial owner, the guarantor are Independent Third Parties.

(iii) Subject of the Acquisition

Pursuant to the Agreement, the Purchaser has agreed to acquire from the Vendor the Sale Shares at an aggregate consideration of HK\$56.25 million. The Sale Shares represent 5% of the existing issued share capital of the Macau Company.

The Macau Company is a company incorporated in Macau with limited liability and is beneficially owned as to 77% by the Vendor, 5% by China Team Investment Ltd. and 18% by Long Smart Assets Ltd. Immediately after Completion, the Purchaser will hold a 5% interest in the Macau Company. The articles of association of the Macau Company contain pre-emptive rights which were waived by the existing shareholders of the Macau Company in order to enable the Purchaser to acquire the Sale Shares.

The Directors are aware that the existing shareholders of the Macau Company have entered into an agreement to sell 90% of their interest in the Macau Company to certain investors. As at the date of this announcement, such agreement has yet to be completed. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the existing shareholders of the Macau Company and the potential investors for the 90% interest in the Macau Company are Independent Third Parties.

Based on the audited accounts of the Macau Company for the year ended 31 December 2005, as at 31 December 2005, the Macau Company had an outstanding shareholders' loan of approximately MOP211.0 million (approximately HK\$204.9 million). The Directors understand that the existing shareholders of the Macau Company intend to waive the shareholders' loan of the Macau Company on or before 1 June 2006. Pursuant to the Agreement, in the event that such shareholders' loan has not been waived by the existing shareholders of the Macau Company on or before 1 June 2006, the Vendor has agreed to assign 5% of the shareholders' loan to the Purchaser, which is in proportion to its interest in the Macau Company. In the event that such shareholders' loan has not been waived, no additional commitment is required to be paid by the Purchaser to the Vendor for the assignment of the 5% of the shareholders' loan.

Upon Completion, the Company is not entitled to nominate any directors to the Macau Company.

The principal activity of the Macau Company is the ownership of a piece of land located at Avenida Comercial de Macau — Baía de Praia Grande, Zona A “Lote 9” (澳門商業大馬路之土地 — 南灣, A 區域 “9地段”). The Property consists of a site area of approximately 3,449 square metres (equivalent to approximately 37,125 square feet) and it is proposed that the Property will be developed into one 57-storey luxurious residential building with a clubhouse and basement for car parking purposes. The Property is currently vacant and pending for development. As at the date of this announcement, there is no concrete plan as to when the development of the Property will commence.

As at the date of this announcement, the Company has no further commitment to develop the site.

(iv) Consideration

The consideration for the Sale Shares of HK\$56.25 million was determined after arm’s length negotiations between the parties taking into account the net asset value, the shareholders’ loan of the Macau Company and with reference to an independent valuation of the Property of approximately MOP1,200 million (approximately HK\$1,165 million) as at 8 March 2006.

The consideration of HK\$56.25 million for the purchase of the Sale Shares payable to the Vendor was paid in full in cash upon Completion from internal resources of the Group.

FINANCIAL INFORMATION OF MACAU COMPANY

According to the audited accounts of the Macau Company for the year ended 31 December 2005, as at 31 December 2005, the total assets of the Macau Company were approximately MOP213.1 million (approximately HK\$206.9 million), its total liabilities were approximately MOP212.2 million (approximately HK\$206.0 million) and its net assets were approximately MOP0.97 million (approximately HK\$0.94 million).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in property rental, financial investment, property development, property sales, provision of estate agency services and investment.

According to a research report on “Greater China Property Index” issued by Jones Lang LaSalle in January 2006, the residential leasing market in Macau was increasingly active as a result of stronger demand from foreigners. In particular, the rents for high-end properties increased by 4.4% during the fourth quarter in 2005. In addition, based on statistics published by the Statistics and Census Bureau of the Macau Government, visitor arrivals grew by 10.4% in November 2005 from a year ago to 1.6 million, an increase of 12.5% year-on-year. Due to the development of the gaming and tourism industries in Macau, it is expected that professionals and workers will continue to flow in to Macau driving demand for quality residential properties in Macau. Given the prospects of the property market, the Directors consider the terms of the Agreement to be fair and reasonable and in the interests of the Shareholders as a whole.

Furthermore, based on statistics published by the Statistics and Census Bureau of the Macau government, Macau’s GDP increased by 6.0% year-on-year in the first three quarters of 2005, after expanding by 28.3% in 2004 and recorded three consecutive years of double-digit growth since 2002. With the continuing growth of Macau’s economy, the Directors are optimistic about the growth potential for the property market in Macau and thus the Acquisition is in the interests of the Company and Shareholders as a whole. Taking into account (i) the future prospect and growth potential for the property market in Macau, (ii) the financial information of the Macau Company for the year ended 31 December 2005; and (iii) the stated strategy of

the Group to expand its property portfolio, the Directors (including the independent non-executive Directors) are of the view that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole and the terms of the Agreement, including the consideration, are fair and reasonable.

GENERAL

The Acquisition constitutes a discloseable transaction for the Company under in Rule 14.06(2) of the Listing Rules. A circular containing, among other things, details of the Agreement will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

Unless the context otherwise require, the following expressions have the following meanings in this announcement:

“Acquisition”	the acquisition of a 5% interest in the Macau Company by the Purchaser pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 3 April 2006 made between the Purchaser and the Vendor in relation to the Acquisition
“Board”	the Board of Directors
“Company”	Capital Estate Limited , a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the Agreement which took place upon signing on 3 April 2006
“connected persons”	the meaning given to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s), or in the case of companies, their ultimate beneficial owner(s), who are independent of and not connected with the Company and its connected persons or their respective associates (as “associates” is defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Macau Company”	Sociedade de Investimento Imobiliário Pun Keng Van, SARL, a company incorporated in Macau with limited liability
“Property”	a piece of land located at Avenida Comercial de Macau — Baía de Praia Grande, Zona A “Lote 9” (澳門商業大馬路之土地 — 南灣, A區域 “9地段”)

“Purchaser”	Evergood Management Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong and Macau
“Sale Shares”	500 shares of MOP100 each owned by the Vendor, in the capital of the Macau Company
“Shares(s)”	share(s) of HK\$0.20 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Grand Chance Consultants Limited, an Independent Third Party and is an investment holding company and the beneficial owner of 77% interest in the existing issued share capital of the Macau Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“MOP”	Macau Patacas, the lawful currency of Macau

Amounts denominated in MOP in this announcement have been translated into HK\$ at a rate of MOP1.03=HK\$1.00 for illustration purposes.

By Order of the Board
Capital Estate Limited
Chu Nin Yiu, Stephen
Executive Chairman

Hong Kong, 4 April 2006

As at the date of this announcement, the Board comprises Mr. Chu Nin Yiu, Stephen, Mr. Chu Nin Wai, David, Mr. Lau Chi Kan, Michael as executive Directors and Mr. Li Sze Kuen, Billy, Mr. Wong Kwong Fat and Mr. Leung Kam Fai as independent non-executive Directors.

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