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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)

PLACING OF 264,000,000 NEW SHARES

On 30 June 2006, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent would on a fully underwritten basis to place 264,000,000 Placing Shares at a price of HK\$0.201 per Placing Share.

The Placing Price of HK\$0.201 per Placing Share, representing (i) a discount of approximately 1.95% to the closing price per Share of HK\$0.205 on 30 June 2006 (the date of the Placing Agreement); (ii) a discount of approximately 1.18% to the 5 days average closing price per Share of HK\$0.2034 up to and including 30 June 2006; (iii) a discount of approximately 1.28% to the 10 days average closing price per Share of HK\$0.2036 up to and including 30 June 2006; and (iv) a premium of approximately 3.34% to the 30 days average closing price per Share of HK\$0.1945 up to and including 30 June 2006.

The 264,000,000 Placing Shares to be issued and allotted represent approximately 20.0% of the existing issued share capital of the Company or approximately 16.67% of the enlarged issued share capital of the Company.

The Placing Shares will be placed to not less than 6 independent professional, institutional and/or individual investors respectively.

The net proceeds from the Placing are estimated to be approximately HK\$51.8 million, which will be applied as additional general working and/or funding to finance the acquisition of properties, property development or other potential investment as and when opportunities arise.

Completion of the Placing, is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the 264,000,000 Placing Shares.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the 264,000,000 Placing Shares.

The abovementioned 264,000,000 Placing Shares are to be issued and allotted pursuant to the general mandate granted to the Directors at the extraordinary general meeting of the Company held on 16 June 2006.

1. PLACING AGREEMENT DATED 30 JUNE 2006

1.1 Parties

(a) the Company; and

(b) the Placing Agent.

Get Nice Investment Limited, the Placing Agent, does not own any Shares as at the date of this announcement and is not a connected person (as defined in the Listing Rules) of the Company and is independent from and not connected with the Company and its connected persons.

1.2 The Placing Shares

The 264,000,000 Placing Shares to be issued and allotted represent approximately 20.0% of the existing issued share capital of the Company or approximately 16.67% of the enlarged issued share capital of the Company (as enlarged by the issue and allotment of 264,000,000 Placing Shares).

1.3 The Placing Price

The Placing Price of HK\$0.201 per Placing Share was arrived at after arm's length negotiation between the Company and the Placing Agent.

The Placing Price of HK\$0.201 per Placing Share represents (i) a discount of approximately 1.95% to the closing price per Share of HK\$0.205 on 30 June 2006 (the date of the Placing Agreement); (ii) a discount of approximately 1.18% to the 5 days average closing price per Share of HK\$0.2034 up to and including 30 June 2006; (iii) a discount of approximately 1.28% to the 10 days average closing price per Share of HK\$0.2036 up to and including 30 June 2006; (iv) a premium of approximately 3.34% to the 30 days average closing price per Share of HK\$0.1945 up to and including 30 June 2006; and (v) a discount of 28.21% to the unaudited consolidated net asset value per Share of HK\$0.28 (based on the unaudited consolidated net assets of HK\$366.84 million as at 31 January 2006, and 1,324,657,340 Shares in issue as at 31 January 2006).

The Placing Agent will charge a placing commission of 2% of the aggregate Placing Price of the Placing Shares for which it has underwritten. The total cost of the Placing (approximately HK\$1.3 million) shall be borne by the Company, accordingly, the cost per Placing Share is approximately HK\$0.0049, hence, the net placing price of each Placing Share is approximately HK\$0.1961.

1.4 Rights and ranking of the Placing Shares

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects with the Shares in issue.

1.5 The Placees

The Placees (and their respective ultimate beneficial owners) will not be connected persons (as defined in the Listing Rules) of the Company and will be independent from and not connected with the Company and its connected persons (as defined in the Listing Rules).

All the Placing Shares are to be placed on a fully underwritten basis and the Placing is expected to be completed on or about 31 August 2006. The Placing Agent informed the Company that there will be not less than six placees who are (i) professional and institutional investors which term generally includes brokers, dealers and companies (including fund managers), whose ordinary business involves dealing in shares and other securities; (ii) corporate entities which regularly invest in shares and other securities; and (iii) individuals.

The Directors expect that no new substantial shareholder will be introduced to the Company as a result of the Placing.

1.6 Completion of the Placing

The Placing is subject to the condition set out below. The parties expect that the Placing will be completed on or before 31 August 2006.

1.7 Condition of the Placing Agreement

Completion of the Placing, is conditional upon, amongst others, the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the 264,000,000 Placing Shares.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the 264,000,000 Placing Shares.

The abovementioned 264,000,000 Placing Shares are to be issued and allotted pursuant to the general mandate granted to the Directors at the extraordinary general meeting of the Company held on 16 June 2006. As at the date of this announcement, the aforesaid general mandate has not been utilised.

If the condition of the Placing are not fulfilled on or before 31 August 2006 (or such other date or time as may be agreed between the Company and the Placing Agent), then the Placing Agent and the Company shall not be bound to proceed with the Placing and the issue of the 264,000,000 Placing Shares under the Placing Agreement and such agreement shall cease to be of any effect save in respect of claims arising out of antecedent breach of the Placing Agreement.

2. EFFECT ON THE SHAREHOLDING FOLLOWING COMPLETION OF THE PLACING

Long position in the Shares

| Name of Shareholder | As at the date of this announcement | | Immediately after completion of the Placing | |
|---|-------------------------------------|--|---|--|
| | Number of Shares held | % of issued share capital of the Company | Number of Shares held | % of issued share capital of the Company |
| Supervalue Holdings Limited (<i>Note 1</i>) | 214,966,000 | 16.23 | 214,966,000 | 13.53 |
| Mark Profit Development Limited (<i>Note 2</i>) | 166,430,500 | 12.56 | 166,430,500 | 10.48 |
| Finnex Limited (<i>Note 3</i>) | 117,406,235 | 8.86 | 117,406,235 | 7.39 |
| Public Shareholders | 825,854,605 | 62.35 | 825,854,605 | 51.98 |
| Placees | — | — | 264,000,000 | 16.62 |
| Total | 1,324,657,340 | 100.00 | 1,588,657,340 | 100.00 |

Notes:

1. The 214,966,000 Shares are beneficially owned by Supervalue Holdings Limited, which is in turn wholly-owned by Mr. Chu Nin Yiu, Stephen, an executive Director.
2. The 166,430,500 Shares are beneficially owned by Mark Profit Development Limited, a wholly-owned subsidiary of Easyknit Properties Holdings Limited which is in turn wholly-owned by Easyknit International Holdings Limited, the shares of which are listed on the main board of the Stock Exchange and the Singapore Exchange Securities Trading Limited. Easyknit International Holdings Limited is owned as to approximately 36.74% by Magical Profits Limited, a wholly-owned subsidiary of Accumulate More Profits Limited which is in turn wholly-owned by Trustcorp Limited. Trustcorp Limited is the trustee of The Magical 2000 Trust, the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than spouse. Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, is deemed to be interested in the 166,430,500 Shares under the SFO.

The aforesaid trustee, Trustcorp Limited, is 100% owned by Newcorp Ltd. which is in turn wholly-owned by Newcorp Holdings Limited. David William Roberts and David Henry Christopher Hill are each interested in 35% of Newcorp Holdings Limited, and Rebecca Ann Hill is the spouse of the latter. Accordingly, they are all deemed to be interested in the 166,430,500 Shares under the SFO.

3. The 117,406,235 Shares are beneficially owned by Finnex Limited, a wholly-owned subsidiary of Impetus Holdings Limited which is in turn wholly-owned by Asia Orient Company Limited. Asia Orient Company Limited is a wholly-owned subsidiary of Asia Orient Holdings (BVI) Limited, which is in turn wholly-owned by Asia Orient Holdings Limited, the shares of which are listed on the main board of the Stock Exchange. As Mr. Poon Jing is interested in approximately 30.09% of Asia Orient Holdings Limited, he is deemed to be interested in the 117,406,235 Shares under the SFO.

3. REASONS FOR THE PLACING AND USE OF PROCEEDS

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

Taking into account the current market price of the Shares, the timeframe required and the certainty to execute the Placing, and the Placing Price, the Directors consider this equity fund raising method is the most appropriate arrangement (under the current circumstances) to raise capital for the Company, in particular, the financial conditions and shareholder base of the Company will also be strengthened.

It is intended that the net issue proceeds of the Placing of approximately HK\$51.8 million will be used for general working capital and/or funding to finance the acquisition of properties, property development or other potential investment as and when opportunities arise. In the event that the Group is unable to identify any specific investment project in the future, the net proceeds will be used as general working capital. The Directors believe that net proceeds to be raised under the Placing, together with the fund raised during the past 12 months immediately preceding the date of this announcement as mentioned below, will enable the Group to be more flexible in making investment decisions in the future and to allow the Group to participate in potentially larger scale investment projects as and when opportunities arise. The Directors are of the view that with the strengthening of the cash position of the Group after the Placing, the Group will be in a better position to participate in potential investment opportunities which are both time-sensitive and capital intensive.

As at the date of this announcement, no specific investment projects have been identified by the Group. The Company will bear all expenses so arising from the Placing, which is expected to amount to approximately HK\$1.3 million.

As at the date of this announcement, the Directors are of the view that the Company has sufficient funds to meet its current working capital requirements.

The fund raising exercise conducted by the Company in the past 12 months immediately preceding the date of this announcement is set out below:

| Date of announcement | Event | Number of Shares/ Warrants issued | Net proceeds | Usage |
|----------------------|---|--|-------------------|--|
| 11 August 2005 | The issue by way of a rights issue on the basis of four rights shares for every of the then consolidated share of the Company | 210,175,944 of the then consolidated shares of the Company | HK\$205.8 million | The proceeds are designated for investment in property sector in general and for general working capital pursuant to the announcement of the Company dated 11 August 2005. |
| 8 May 2006 | The placing of Warrants | 264,930,000 Warrants | HK\$12.8 million | The proceeds are designated for general working capital. |

4. WARRANTS

Pursuant to clause 4.9 of the warrant instrument, no adjustment is required to be made to the exercise price of the subscription rights attached to the Warrants as a result of the Placing.

5. DEFINITIONS

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

| | |
|---------------------|--|
| “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 |
| “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 |
| “Listing Committee” | has the meaning ascribed to such term in the Listing Rules |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Placees” | any individual(s), institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement |
| “Placing” | the placing of 264,000,000 new Shares pursuant to the Placing Agreement |
| “Placing Agent” | Get Nice Investment Limited, the placing agent to the Company for the placing of Placing Shares, a licensed corporation to carry out business in types 1, 4, 6 and 9 regulated activities (dealing in securities, advising on securities and corporate finance, and asset management respectively) under the SFO |
| “Placing Agreement” | the conditional placing agreement dated 30 June 2006 between the Company and the Placing Agent in respect of the Placing |
| “Placing Price” | HK\$0.201 per Placing Share |
| “Placing Shares” | an aggregate of 264,000,000 Shares to be placed pursuant to the terms of the Placing Agreement |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “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 |
| “Warrants” | warrants issued by the Company in amounts of subscription rights of HK\$0.20 for each warrant entitling the holders thereof to subscribe up to an aggregate amount of HK\$52,986,000 for new Shares at an initial subscription price of HK\$0.20 per Share subject to adjustment, at any time from the date of issue on 19 May 2006 thereof up to 18 May 2007 |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

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

Hong Kong, 30 June 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.