



CAPITAL ESTATE LIMITED

冠中地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 193)

UPDATE ON THE DISCUSSION IN RELATION TO THE POSSIBLE ACQUISITION OF A 45% INTEREST IN FULVID INVESTMENT COMPANY LIMITED

Reference is made to the announcements issued by the Company (i) on 19 January 2007 with regard to, inter alia, the memorandum of understanding (“MOU”) entered into among (1) the Purchaser; and (2) the Potential Vendors on the possibility of an acquisition by the Purchaser of a 45% interest in the issued share capital of Fulvid Investment and/or its related shareholders’ loan; and (ii) on 7 March 2007 with regard to, the extension for an exclusive due diligence review up to 31 July 2007.

The Board wishes to announce that the Purchaser and the Potential Vendors have mutually agreed to terminate the above-mentioned due diligence arrangement and on 15 May 2007, the Potential Vendors have returned the total deposit of HK\$20 million to the Purchaser in accordance with the terms of the MOU.

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Terms defined in this announcement have the same meanings as those defined in the announcement dated 19 January 2007 unless otherwise specified.

Having regard to the necessary time to complete a review on the financial information of Fulvid Investment and the remaining limited time of the above-mentioned due diligence period, the Board has resolved to terminate the above-mentioned due diligence arrangement and for the time being, to focus the Company’s efforts on other opportunities. In accordance with the terms of the MOU, the Company has received the refund of the total deposit paid of HK\$20 million on 15 May 2007.

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

Hong Kong, 21 May 2007

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.