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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 49% OF THE ISSUED QUOTA CAPITAL OF SUN FAT INVESTMENT AND INDUSTRY COMPANY LIMITED

The Purchaser, a wholly-owned subsidiary of the Company, has on 13 June 2007 entered into the Agreement with the Vendor pursuant to which the Purchaser agreed to acquire 49% of the issued quota capital of Sun Fat from the Vendor for a total consideration of HK\$161.70 million. The principal asset of Sun Fat is its 100% ownership in the Land.

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.

Reference is made to the announcement of the Company dated 17 May 2007 in relation to a potential investment in Macau. The Board is pleased to announce that on 13 June 2007, the Agreement was entered into between the Vendor and the Purchaser. Summarised below are the principal terms of the Agreement.

THE AGREEMENT

(i) Date

13 June 2007

(ii) Parties

Vendor:	Kong Kei Construction Limited, a company incorporated in Macau with limited liability
Purchaser:	Tamulus Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability
Warrantors:	Mr. Wong Tak Chong and Mr. Chen Yanping, the existing beneficial owners of all the issued quota capital of the Vendor

The Vendor is principally engaged in real estate investment and construction in Macau. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

(iii) Subject of the Acquisition

Pursuant to the Agreement, the Purchaser has agreed to acquire from the Vendor the Sale Quota, which represents 49% of the existing issued quota capital of Sun Fat.

As at the date of the Agreement, 90% of the issued quota capital of Sun Fat is beneficially owned by the Vendor and the remaining 10% is beneficially owned by two individuals. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, these two individuals are Independent Third Parties. Immediately after Completion, the Purchaser, the Vendor and the two individuals will own 49%, 41% and 10% respectively of the issued quota capital of Sun Fat.

The principal asset of Sun Fat is its 100% ownership in the Land, which consists of a site area of approximately 10,154 square metres (equivalent to approximately 109,297 square feet). The Land is currently vacant pending the Development Plan, details of which are in the section headed "Development Plan" below.

(iv) Consideration

The consideration for the Sale Quota is HK\$161.70 million, which was determined after arm's length negotiations between the parties taking into account the financial information about Sun Fat and with reference to an independent valuation of the Land of HK\$330 million as at 8 June 2007.

The consideration of HK\$161.70 million for the purchase of the Sale Quota payable to the Vendor has been/shall be paid in cash from internal resources of the Group in the following manner:

- (a) the sum of HK\$32 million as refundable deposit (the "Deposit") has been paid as at the date of this announcement; and
- (b) the balance of HK\$129.70 million is payable at Completion.

(v) Conditions of the Agreement and Completion

Completion is conditional upon:

- (a) the Vendor delivering to the Purchaser a legal opinion addressed to the Purchaser by a firm of lawyers qualified to advise on Macau law, in form and substance satisfactory to the Purchaser;
- (b) the general meeting of Sun Fat approving the transfer of the Sale Quota and waiving its rights to exercise any pre-emptive rights on such transfer;
- (c) all consents or approvals (other than the approval in relation to the Development Plan and the architectural project regarding the Land) of any relevant governmental authorities or other relevant regulatory bodies in Macau which are necessary for the entering into and implementation of the Agreement having been obtained and remain current and valid; and

- (d) approval of the Shareholders in respect of the transactions under the Agreement (if required by the Listing Rules or the Stock Exchange).

If the conditions (a) to (c) above are not fulfilled or, waived in writing by the Purchaser within 30 Business Days counting from the date of the Agreement (or such later date as may be agreed between the Vendor and the Purchaser), the Purchaser may terminate the Agreement, in which case none of the parties shall have any claim against the others for costs, damages, compensation or otherwise (save in respect of any prior breach of the Agreement). In such case, the Vendor shall refund the Deposit to the Purchaser without interest within 3 Business Days.

If the condition (d) above is not fulfilled within 45 Business Days counting from the date of the Agreement, the Vendor may terminate the Agreement, in which case none of the parties shall have any claim against the others for costs, damages, compensation or otherwise (save in respect of any prior breach of the Agreement). In such case, the Vendor shall refund the Deposit to the Purchaser without interest within 3 Business Days.

Completion is to take place on the third Business Day after (i) satisfaction of all the conditions or (ii) waiver by the Purchaser of the conditions (a) to (c) above and satisfaction of the condition (d) above, or at such other time and/or place as the parties may agree.

Upon Completion, the Company intends to nominate one director to the board of directors of Sun Fat, which currently is comprised of three directors.

(vi) Development Plan

Currently, the condition for the land lease concession of the Land is not for residential usage. In order to implement the Development Plan, Sun Fat had submitted an application to the relevant government authorities in Macau requesting an amendment of the land lease concession of the Land. As at the date of this announcement, Sun Fat has not obtained the relevant approval for the amendment of the land lease concession. It is not certain as to whether it will be able to obtain the necessary approval or, if it does, when the Development Plan will commence.

Under the Agreement, if the above approval is not obtained or it has become impossible for the Company to obtain it for any reason whatsoever before the first anniversary of Completion, the Purchaser may terminate the Agreement, in which case none of the parties shall have any claim against the others for costs, damages, compensation or otherwise (save in respect of any prior breach of the Agreement) and the Vendor shall refund all sums paid to it under the Agreement to the Purchaser without interest within 3 Business Days. The Vendor is required on demand of Sun Fat pay directly to the Macau Government any outstanding government land premium for the amendment of the land lease concession in relation to the Development Plan on behalf of Sun Fat and the Vendor has confirmed and acknowledged that the Vendor shall not be entitled to recover any such sums from Sun Fat or any person whatsoever.

The expected source of funding by Sun Fat for the Development Plan will be from bank financing, subject to market availability. As at the date of this announcement, the Company has no further commitment in relation to the Development Plan.

FINANCIAL INFORMATION OF SUN FAT

According to the audited accounts of Sun Fat for the year ended 31 December 2006, as at 31 December 2006, the total assets of Sun Fat were approximately MOP5.81 million (approximately HK\$5.64 million), its total liabilities were approximately MOP0.28 million (approximately HK\$0.27 million) and its net assets were approximately MOP5.53 million (approximately HK\$5.37 million).

Save for the acquisition of the Land, Sun Fat has not conducted any other business activities since its incorporation. Accordingly, no net profit has been recorded by Sun Fat since its incorporation.

Upon Completion, the investment in Sun Fat will be accounted for as an investment in associate in the books of the Company.

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 investments.

The Acquisition will increase the Company's portfolio of property interests. Taking into account (i) the future prospect and growth potential for the property market in Macau, (ii) the financial information of Sun Fat for the year ended 31 December 2006; 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 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 the Sale Quota from the Vendor by the Purchaser pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 13 June 2007 made between the Purchaser, the Vendor and the Warrantors in relation to the Acquisition
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday) on which banks generally are open for business in Macau and Hong Kong

“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
“connected persons”	the meaning given to it in the Listing Rules
“Development Plan”	The development plan of the Land to develop 48 residential houses and related facilities on the Land
“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)
“Land”	a piece of land located in Terreno junto a Estrada de Nossa Senhora de Ka Ho — Coloane, Macau (位於鄰近九澳聖母馬路之土地 — 澳門路環)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Purchaser”	Tamulus Limited, a company incorporated in the British Virgin Islands 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 Quota”	one quota representing in aggregate 49% of the issued quota capital of Sun Fat
“Shares(s)”	share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sun Fat”	Sun Fat Investment and Industry Company Limited, a company incorporated in Macau with limited liability
“Vendor”	Kong Kei Construction Limited, a company incorporated in Macau with limited liability

“Warrantors”	Mr. Wong Tak Chong and Mr. Chen Yanping, the existing beneficial owners of all the issued quota capital of the Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“MOP”	Macau Patacas, the lawful currency of Macau
“%”	per cent.

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, 14 June 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.