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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 NEW SHARES UNDER GENERAL MANDATE

Financial Adviser



結好融資有限公司
GET NICE CAPITAL LIMITED

Placing Agent



結好投資有限公司
GET NICE INVESTMENT LIMITED

THE PLACING

The Company has on 10 December 2007 (after the trading hours) entered into the Placing Agreement with the Placing Agent to procure subscribers, on a fully underwritten basis, to subscribe for 1,500,000,000 new Shares at a price of HK\$0.11 per Share. The Placing Shares represent approximately 12.73% of the Company's existing issued share capital and approximately 11.29% of its issued share capital as enlarged by the Placing.

The Placing Price represents (i) a discount of 12.00% to the closing price of the Shares of HK\$0.125 quoted on the Stock Exchange on 10 December 2007, being the date of the Placing Agreement; (ii) a discount of approximately 11.29% to the average closing price of the Shares of HK\$0.124 quoted on the Stock Exchange for the five consecutive trading days immediately prior to 10 December 2007; and (iii) a discount of approximately 12.70% to the average closing price of the Shares of HK\$0.126 quoted on the Stock Exchange for the ten consecutive trading days immediately prior to 10 December 2007.

The gross proceeds from the Placing will be HK\$165 million. The Company plans to use the entire net proceeds from the Placing of approximately HK\$161.55 million for general working capital and/or funding to finance the acquisition of properties, property development or other potential investment, depending on market conditions and availability of investment opportunities.

The Placing is conditional upon the Stock Exchange granting listing of and permission to deal in the Placing Shares.

PLACING AGREEMENT DATED 10 DECEMBER 2007 (AFTER THE TRADING HOURS)

Issuer:

The Company

Placing Agent and Placees:

Get Nice Investment Limited is the Placing Agent, who and whose ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company and are independent from and not connected with the Company and its connected persons (as defined in Listing Rules).

The Placing Shares will be placed to not less than six Placees, being individuals, institutional or other professional investors, and who and whose 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 Listing Rules). It is expected that none of the Placees will become substantial Shareholder immediately after the Placing.

Number of Placing Shares:

1,500,000,000 new Shares, representing 12.73% of the Company's existing issued share capital and approximately 11.29% of its issued share capital as enlarged by the Placing.

Placing Price:

The Placing Price of HK\$0.11 per Share was agreed after arm's length negotiations between the Company and the Placing Agent. Such price represents (i) a discount of 12.00% to the closing price of the Shares of HK\$0.125 quoted on the Stock Exchange on 10 December 2007, being the date of the Placing Agreement; (ii) a discount of approximately 11.29% to the average closing price of the Shares of HK\$0.124 quoted on the Stock Exchange for the five consecutive trading days immediately prior to 10 December 2007; and (iii) a discount of approximately 12.70% to the average closing price of the Shares of HK\$0.126 quoted on the Stock Exchange for the ten consecutive trading days immediately prior to 10 December 2007.

The net placing price for the Placing is approximately HK\$0.108 per Share.

The Directors (including the independent non-executive Directors) consider that the Placing Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Underwriting commission payable to the Placing Agent:

The Placing is fully underwritten by the Placing Agent with underwriting commission calculated as 2.0% of the amount equal to the Placing Price multiplied by the number of the Placing Shares. The Directors (including the independent non-executive Directors) consider that the above commission rate is fair and reasonable.

General Mandate:

The Placing Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the Company's extraordinary general meeting held on 10 May 2007. Under this general mandate, the Directors were authorized to allot and issue 2,089,447,665 Shares at maximum. As at the date of this announcement, 555,000,000 Shares had been issued and credited as fully paid in November 2007 under such general mandate pursuant to the sale and purchase agreement dated 5 October 2007 to acquire the remaining 50% of the issued quota capital of Sun Fat Investment and Industry Company Limited, details of which can be referred to the circular of the Company dated 26 October 2007. The Placing will further utilize 1,500,000,000 Shares under this general mandate. Upon completion of the Placing, 34,447,665 Shares will remain available to be issued and allotted pursuant to this general mandate.

Ranking of Placing Shares:

The Placing Shares will rank pari passu in all respects among themselves and with the existing issued Shares.

Condition of the Placing:

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

The condition must be fulfilled on or before 21 December 2007 (or such other date as agreed by the parties), failing which the Placing shall cease and terminate.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Completion:

The Placing shall complete at not later than the second Business Day after the fulfillment of the condition of the Placing (or such later date as may be agreed between the parties to the Placing Agreement in writing).

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 investments.

In view of the current strong sentiment of the stock market in general, the Directors consider that the timing for a further fund raising exercise for the purpose mentioned below is appropriate. Moreover, the Directors expect the Placing will enhance the capital base of the Company and broaden the Shareholders' base. Accordingly, they consider that the Placing is in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Placing will be HK\$165 million. The Company plans to use the entire net proceeds from the Placing of approximately HK\$161.55 million for general working capital and/or funding to finance the acquisition of properties, property development or other potential investment, depending on market conditions and availability of investment opportunities. As at the date of this announcement, the Directors have no specific plan for the allocation of the above net proceeds. As announced by the Company on 25 October 2007, the Company was in discussion for a possible acquisition of equity interests in a property holding company. As at the date of this announcement, the Company has not yet entered into any agreement (binding or not) in respect of such acquisition.

FUND RAISING EXERCISES DURING THE PAST 12 MONTHS

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of the net proceeds	Actual use of the net proceeds
26 January 2007	rights issue of 8,467,936,700 rights shares on the basis of five rights shares for every existing share	HK\$243.4 million	To be partly used to finance a proposed acquisition, if it happens, and if not, a net proceeds of approximately HK\$215.0 million for deployment of future investment opportunities	The proposed acquisition was not proceeded and the entire net proceeds had been utilized for the acquisitions of (i) additional 22.5% interest in Tin Fok Holding Company Limited; and (ii) an aggregate 99% interest in Sun Fat Investment and Industry Company Limited during the period from May 2007 to November 2007

SHAREHOLDING STRUCTURE

Shareholder	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	%	Number of Shares	%
Supervalue Holdings Limited (<i>Note</i>)	2,288,379,000	19.41	2,288,379,000	17.22
Public Shareholders:				
— The Placees	—	—	1,500,000,000	11.29
— Others	9,498,517,896	80.59	9,498,517,896	71.49
Total	<u>11,786,896,896</u>	<u>100.00</u>	<u>13,286,896,896</u>	<u>100.00</u>

Note: The 2,288,379,000 Shares are beneficially owned by Supervalue Holdings Limited, which in turn is wholly-owned by Mr. Chu Nin Yiu, Stephen, the executive chairman and an executive director of the Company

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“associate(s)”	the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday) on which banks in Hong Kong generally are open for business
“Company”	Capital Estate Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the main board of the Stock Exchange (stock code: 193)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement
“Placing Agent”	Get Nice Investment Limited, a deemed licensed corporation within the meaning of the SFO
“Placing Agreement”	a conditional placing agreement entered into between the Company and the Placing Agent dated 10 December 2007 in relation to the Placing
“Placing Price”	HK\$0.11 per Placing Share
“Placing Shares”	1,500,000,000 new Shares to be placed under the Placing
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 10 December 2007

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