

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CAPITAL ESTATE LIMITED

冠中地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 193)

DISCLOSEABLE TRANSACTION

FORMATION OF A JOINT VENTURE COMPANY

The Board is pleased to announce that on 26 February 2008, the Joint Venture Agreement was entered into between the Company, 潘瑞安 (Mr. Pan Ruian*) and 黃其俊 (Mr. Huang Qijun*), 趙劍輝 (Mr. Zhao Jianhui*), pursuant to which the Joint Venture will be established, which will be owned as to 89.9% and 10.1% by Best Base and Smooth Win respectively.

The initial investment by the Joint Venture in the Joint Venture Subsidiaries (as described below) is expected to be RMB198 million of which Best Base and Smooth Win will contribute approximately RMB178.0 million and approximately RMB20.0 million, respectively, which is in proportion to the beneficial interest of each party.

The Joint Venture will, in turn, establish the Joint Venture Subsidiaries, namely Entity A, Entity B, Entity C, Entity D and Entity E located in the PRC, each of which will be owned as to 99% by the Joint Venture and 1% by Jiangmen New Development, respectively.

The principal businesses of the subsidiaries of the Joint Venture are expected to be engaged in the investment in environmental and/or property related projects in the PRC.

As some of the relevant percentage ratios under Rule 14.07 of the Listing Rules exceed 5% but less than 25%, accordingly, the formation of Joint Venture and the Joint Venture Subsidiaries as a whole constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 26 February 2008, the Joint Venture Agreement was entered into between Best Base (好基控股有限公司), a wholly-owned subsidiary of the Company, 潘瑞安 (Mr. Pan Ruian*) and 黃其俊 (Mr. Huang Qijun*), 趙劍輝 (Mr. Zhao Jianhui*) in relation to the joint venture arrangement as described below.

THE JOINT VENTURE AGREEMENT

Date: 26 February 2008

Parties: (i) the Company
(ii) 潘瑞安 (Mr. Pan Ruian*)
(iii) 黃其俊 (Mr. Huang Qijun*), 趙劍輝 (Mr. Zhao Jianhui*)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Pan Ruian*, Mr. Huang Qijun* and Mr. Zhao Jianhui* are Independent Third Parties.

Subject matter

Pursuant to the Joint Venture Agreement, Best Base, a wholly-owned subsidiary of the Company, and Smooth Win, a company wholly-owned by Mr. Pan Ruian*, will set up a new company in the name of New Fortune Environmental Protection Limited (新財富環保有限公司), a company which will be owned as to 89.9% and 10.1% by Best Base and Smooth Win respectively.

The Joint Venture will have an authorised share capital of HK\$200 million. The initial investment by the Joint Venture in the Joint Venture Subsidiaries (as described below) is expected to be RMB198 million of which Best Base and Smooth Win will contribute approximately RMB178 million and approximately RMB20 million, respectively, which is in proportion to the beneficial interest of each party. The payment of the capital and any additional contribution (as described below) into the Joint Venture by Best Base and Smooth Win would depend on the timing of the establishment of the Joint Venture Subsidiaries.

As at the date of this announcement, the Company has not yet decided the method of financing, whether by internal resources or others means of financing, including debt or equity financing, or both, for its contribution to the Joint Venture, depending on the then market situation. In the event that the Company has decided on the method of financing prior to the despatch of the circular which will contain, among other things, details of the Joint Venture Agreement, to the Shareholders, the Company will disclose such financing details in the circular.

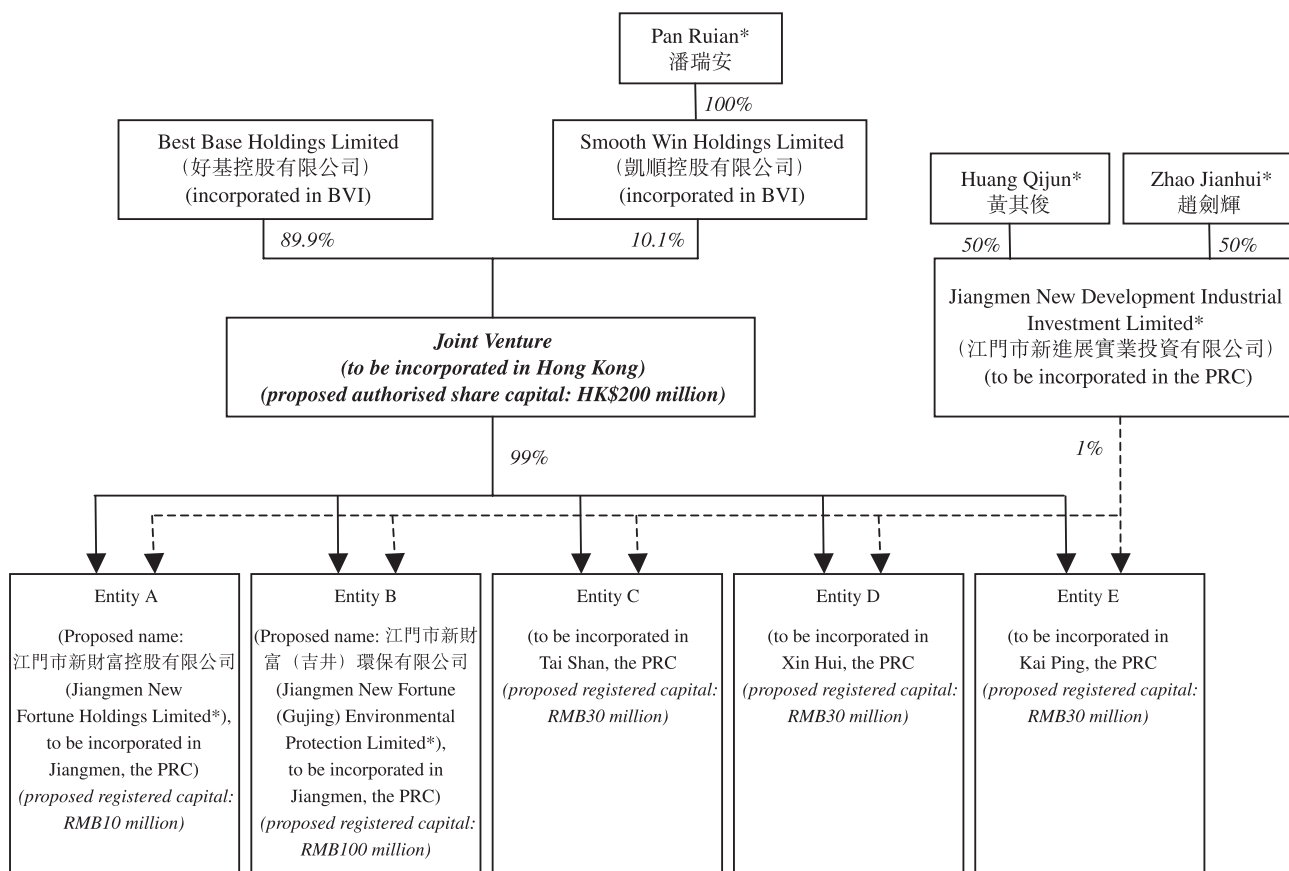
The Joint Venture will, in turn, establish the Joint Venture Subsidiaries, namely Entity A (proposed name: 江門市新財富控股有限公司 (Jiangmen New Fortune Holdings Limited*)), Entity B (proposed name: 江門市新財富(古井)環保有限公司 (Jiangmen New Fortune (Gujing) Environmental Protection Limited*)), Entity C, Entity D and Entity E to be located in the PRC, each of which will be owned as to 99% by the Joint Venture and 1% by Jiangmen New Development, a company to be formed in the PRC which will be owned as to 50% by Mr. Huang Qijun* and 50% by Mr. Zhao Jianhui*, respectively. The proposed aggregate registered capital of the Joint Venture Subsidiaries is expected to be RMB200 million, which will be contributed as to RMB198 million by the Joint Venture and as to RMB2 million by Jiangmen New Development, respectively, which are in proportion to their respective interest in the Joint Venture Subsidiaries.

Based on the maximum paid-up share capital of the Joint Venture is expected to be HK\$200 million (approximately RMB183.4 million) and the proposed aggregate registered capital of the Joint Venture Subsidiaries contributable by the Joint Venture is expected to be RMB198 million, the difference will be contributed by Best Base and Smooth Win, through the Joint Venture, in proportion to their respective interest in the Joint Venture.

Save as disclose herein, the Group has no further capital commitment in the Joint Venture and the Joint Venture Subsidiaries.

Proposed shareholding/corporate structure of the Joint Venture and the Joint Venture Subsidiaries

The following diagram illustrates the proposed shareholding/corporate structure of the Joint Venture and the Joint Venture Subsidiaries (together with the place of incorporation and proposed registered capital of each proposed member of the Joint Venture):



REASONS FOR AND BENEFITS OF THE JOINT VENTURE AGREEMENT

The Group is principally engaged in property rental, financial investment, property development, property sales and investments.

The principal businesses of the subsidiaries of the Joint Venture are expected to be engaged in the investment in environmental and/or property related projects in the PRC.

The Directors consider that the proposed formation of the Joint Venture (and the Joint Venture Subsidiaries) will allow the Group to continue to seek, if though fit, capture any appropriate environmental and/or property related projects in the PRC, thus diversifying the Group's investment portfolio.

The Directors (including the independent non-executive Directors) consider the the terms of the Joint Venture Agreement is fair and reasonable and the entering into the Joint Venture Agreement is in the interests of the Company and Shareholders as a whole.

Upon the establishment of the Joint Venture and the Joint Venture Subsidiaries, the Joint Venture and the Joint Venture Subsidiaries will become indirect wholly-owned subsidiaries of the Company and their financial results will be consolidated into the Company's consolidated financial statements.

LISTING RULES IMPLICATIONS

As some of the relevant percentage ratios under Rule 14.07 of the Listing Rules exceed 5% but less than 25%, accordingly, the formation of Joint Venture and the Joint Venture Subsidiaries as a whole 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 Joint Venture 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:

“Best Base”	Best Base Holdings Limited (好基控股有限公司), a holding company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Company”	Capital Estate Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Entity A”	A company (proposed name : 江門市新財富控股有限公司 (Jiangmen New Fortune Holdings Limited*)) to be established in Jiangmen, the PRC under the laws of the PRC with limited liability, with a proposed registered capital of RMB10 million
“ Entity B”	A company (proposed name: 江門市新財富(古井)環保有限公司 (Jiangmen New Fortune (Gujing) Environmental Protection Limited*)) to be established in Jiangmen, the PRC under the laws of the PRC with limited liability, with a proposed registered capital of RMB100 million
“Entity C”	A company to be established in Tai Shan, the PRC under the laws of the PRC with limited liability, with a proposed registered capital of RMB30 million
“Entity D”	A company to be established in Xin Hui, the PRC under the laws of the PRC with limited liability, with a proposed registered capital of RMB30 million
“Entity E”	A company to be established in Kai Ping, the PRC under the laws of the PRC with limited liability, with a proposed registered capital of RMB30 million
“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 subsidiaries and its connected persons or in the case of a corporation (the ultimate beneficial owner) their respective associates (“connected persons” and “associates” as defined in the Listing Rules)
“Jiangmen New Development”	江門市新進展實業投資有限公司 (Jiangmen New Development Industrial Investment Limited*), an investment holding company to be incorporated in the PRC, which will be owned as to 50% by 黃其俊 (Huang Qijun*) and 50 % by 趙劍輝 (Zhao Jianhui*)
“Joint Venture”	New Fortune Environmental Protection Limited (新財富環保有限公司), an enterprise with a proposed authorised share capital of HK\$200 million, to be established in Hong Kong with limited liability, which will be owned as to 89.9% and 10.1% by Best Base and Smooth Win respectively
“Joint Venture Agreement”	the agreement dated 26 February 2008 entered into by Best Base, Smooth Win, 潘瑞安 (Mr. Pan Ruian*) and 黃其俊 (Mr. Huang Qijun*), 趙劍輝 (Mr. Zhao Jianhui*), in relation to, amongst other things, the formation of the Joint Venture, Entity A, Entity B, Entity C, Entity D and Entity E.
“Joint Venture Subsidiaries”	Entity A, Entity B, Entity C, Entity D and Entity E
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Smooth Win”	Smooth Win Holdings Limited (凱順控股有限公司), an investment holding company incorporated in BVI with limited liability, a company wholly-owned by 潘瑞安 (Mr. Pan Ruian*)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

“%” percent

Amounts denominated in HK\$ in this announcement have been translated into RMB at a rate of HK\$1.00=RMB0.917 for illustration purposes.

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

Hong Kong, 27 February 2008

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.

** for identification purpose only*