

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)

MAJOR TRANSACTION

ACQUISITION OF THE ENTIRE INTEREST IN

HOTEL FORTUNA (HONG KONG) COMPANY LIMITED

AND

RESUMPTION OF TRADING

FINANCIAL ADVISER



THE ACQUISITION

The Board is pleased to announce that on 29 February 2008, the Company entered into the Agreement with the Vendors and the Warrantors pursuant to which the Company has conditionally agreed to acquire from the Vendors the entire issued share capital of Hotel Fortuna (Hong Kong) and the Sale Loans at an aggregate consideration of HK\$550,000,000 (subject to adjustments).

Hotel Fortuna (Hong Kong) is an investment holding company and its principal asset is its 100% ownership in Hotel Fortuna, which is a PRC company and owns a hotel situated at Le Cong Zhen, Shun De District, Foshan, Guangdong Province, the PRC.

As some of the relevant percentage ratios under Rule 14.07 of the Listing Rules exceed 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement requirements and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 9:30 a.m. on 3 March 2008 pending the release of this announcement. Application for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 6 March 2008 has been made by the Company.

INTRODUCTION

The Board is pleased to announce that on 29 February 2008, the Purchaser entered into the Agreement with the Vendors and the Warrantors pursuant to which the Purchaser has conditionally agreed to acquire from the Vendors the entire issued share capital of Hotel Fortuna (Hong Kong) and the Sale Loans.

Summarised below are the principal terms of the Agreement:

THE AGREEMENT

(i) Date

29 February 2008

(ii) Parties

Vendors: Mason Creation Limited, a company incorporated in Hong Kong with limited liability;

 Upper Way Holdings Limited, a company incorporated in BVI with limited liability;
 and

 Mr. Siu Ka Kuen

Purchaser: The Company

Warrantors: Mr. Sio; and
 Mr. Tang

Mason Creation Limited and Upper Way Holdings Limited are investment holding companies.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mason Creation Limited, Upper Way Holdings Limited and their respective ultimate beneficial owner(s), Mr. Siu Ka Kuen, Mr. Sio and Mr. Tang are Independent Third Parties.

Based on enquiries with the Vendors, Mr Sio is the beneficial owner of 50% interest in Mason Creation Limited and Mr. Tang is the beneficial owner of 41.7% interest in Upper Way Holdings Limited.

(iii) Subject of the Acquisition

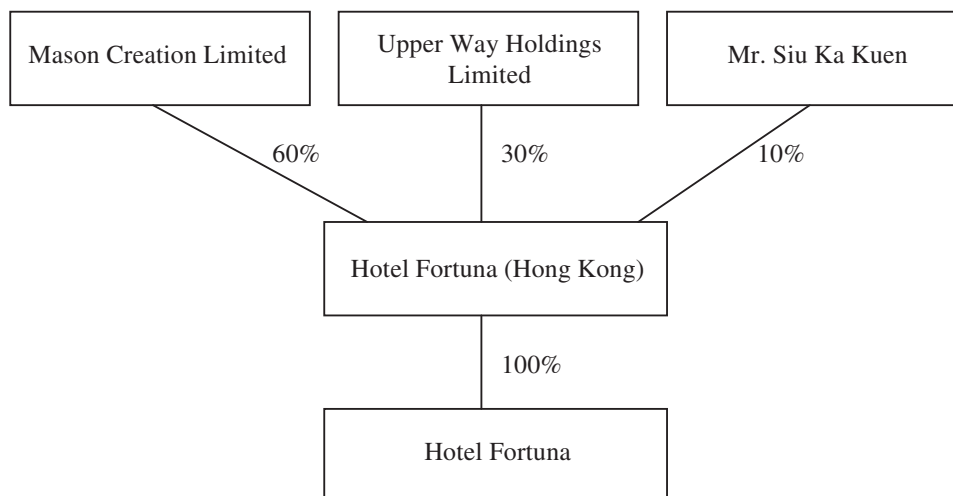
Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire from the Vendors the Sale Shares and the Sale Loans.

As at the date of this announcement, Hotel Fortuna (Hong Kong) is beneficially owned by Mason Creation Limited, Upper Way Holdings Limited and Mr. Siu Ka Kuen as to 60%, 30% and 10%, respectively. Immediately after Completion, Hotel Fortuna (Hong Kong) will be wholly-owned by the Purchaser.

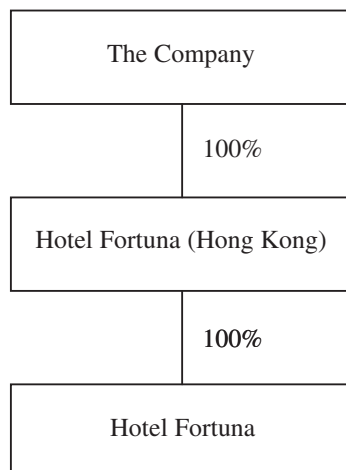
The principal asset of Hotel Fortuna (Hong Kong) is its 100% ownership in Hotel Fortuna, known as “佛山市財神酒店有限公司”, which is a PRC company and owns a hotel situated at Le Cong Zhen, Shun De District, Foshan, Guangdong Province, the PRC. As at the date of this announcement, other than its interest in Hotel Fortuna, Hotel Fortuna (Hong Kong) does not have any other subsidiaries.

Particulars of the Hotel are set out in the section headed “Information on Hotel Fortuna (Hong Kong)” below.

Set out below the shareholding structure of Hotel Fortuna Group as at the date of this announcement:



Set out below the shareholding structure of Hotel Fortuna Group immediately following the Completion:



(iv) Consideration

The aggregate consideration for the Sale Shares and Sale Loans is HK\$550,000,000 (subject to adjustments), of which HK\$149,483,000 (subject to adjustments) represents the Sale Shares Consideration and HK\$400,517,000 (subject to adjustments) represents the Sale Loans Consideration.

The aggregate consideration was determined after arm’s length negotiations between the parties taking into account (i) the unaudited financial information on Hotel Fortuna Group as at 30 September 2007; (ii) the outstanding liabilities owed by Hotel Fortuna (Hong Kong) to the Vendors of HK\$400,517,000 as at 28 February 2008; and (iii) the preliminary property valuation on the Properties at RMB694,770,000 as at 31 December 2007, on a market value basis, by an independent professional valuer and an additional market value of RMB100,000,000 should the plot ratio in respect of the Property 1 (together with Property 3) is equal to six is attained.

Details of the adjustments to the aggregate consideration are set out under the headings “(v) Adjustments” below.

The aggregate consideration will be satisfied as follows:

- (a) as to HK\$100,000,000 (representing HK\$40,000,000 as part of the Sales Shares Consideration and HK\$60,000,000 as part of the Sale Loans Consideration) in cash to the Vendors, as refundable deposit (the “First Deposit”) upon signing of the Agreement;
- (b) as to HK\$150,000,000 (representing HK\$60,000,000 as part of the Sales Shares Consideration and HK\$90,000,000 as part of the Sale Loans Consideration) in cash to the Vendors, as refundable deposit (the “Second Deposit”) upon passing a resolution by the Shareholders to approve the Agreement and upon the delivery of the Share Charges by each of the Vendors to the Purchaser;
- (c) as to the remaining balance of HK\$49,483,000 of the Sale Shares Consideration (the “Remaining Sale Shares Consideration”) subject to adjustments, will be satisfied in cash on or before the expiry of the third year after the Completion Date; and
- (d) as to the remaining balance of HK\$250,517,000 of the Sale Loans Consideration (the “Remaining Sale Loans Consideration”) subject to adjustments, will be satisfied in cash on or before the expiry of the third year after the Completion Date.

The Company shall pay interest to each of the Vendors at the rate of 2% per annum on the Remaining Sale Shares Consideration (subject to adjustment) and Remaining Sale Loans Consideration (subject to adjustment) accruing from the Completion Date to the date of payment of the Remaining Sale Shares Consideration and Remaining Sale Loans Consideration.

The Company intends to finance the First Deposit and the Second Deposit by internal resources of the Group. Taking into account the Remaining Sales Shares Consideration (subject to adjustment) and the Remaining Sale Loans Consideration (subject to adjustment) will be payable by the Company on or before the third year after the Completion Date, the Company will decide at a later stage on the method of financing for such balances, whether by internal resources or others means of financing, including debt or equity financing, or both, depending on the then market situation.

(v) Adjustments

(a) Sale Shares Consideration related adjustments

- (I) The Sale Shares Consideration shall be adjusted on a dollar-for-dollar by the following formula:

Adjusted Sale Shares Consideration =

Sale Shares Consideration (HK\$149,483,000) – X + Y

where “X” = such amount by which the Hotel Fortuna Group Consolidated Net Liabilities exceeds HK\$159,540,000 (and for the avoidance of doubt, there shall be no adjustments if the Hotel Fortuna Group Consolidated Net Liabilities is less than HK\$159,540,000); and

“Y” = HK\$100,000,000 if the plot ratio in respect of Property 1 (together with Property 3) is equal to or greater than six or HK\$0 if the plot ratio in respect of Property 1 (together with Property 3) is less than six.

The maximum increase of HK\$25 million of the Hotel Fortuna Group Consolidation Net Liabilities without adjustment to Sale Shares Consideration (assuming no further adjustment for Property 1 (together with Property 3) as mentioned above) (i.e. being the difference between the amount of HK\$159,540,000 mentioned above and the net liabilities of Hotel Fortuna Group as at 30 September 2007) was agreed between the parties after arm’s length negotiations. Taking into account the Reference Value of the Hotel Fortuna Group (details of which are set out under the heading “Reasons for and benefits of the Acquisition” below), the Directors are of the view that the Sale Shares Consideration, including the adjustments, to be fair and reasonable.

In the event that the Adjusted Sale Shares Consideration is zero or negative, the Purchaser may terminate the Agreement. In such case, each of the Vendors shall forthwith refund their respective portion of the Deposits to the Purchaser together with interest calculated at the rate of 2% per annum from the date of payment of the relevant Deposits to the date of refund of such Deposits.

(II) Subject to the above mentioned adjustments in (I), the outstanding balance of the Sale Shares Consideration to be paid by the Purchaser to the Vendors shall be adjusted as follows:

- (i) to the extent that the Adjusted Sale Shares Consideration is greater than the Sale Shares Consideration, the outstanding balance of the Sale Shares Consideration shall be increased by an amount equivalent to the amount by which the Adjusted Sale Shares Consideration is greater than HK\$149,483,000;
- (ii) in the event that the Adjusted Sale Shares Consideration is less than the Sale Shares Consideration, the outstanding balance of the Sale Shares Consideration shall be decreased by an amount equivalent to the amount in which the Adjusted Sale Shares Consideration is less than HK\$149,483,000 (the “Adjusted Amount”).

Subject to the adjustments set out in (I) above, in the event that the Adjusted Amount to be deducted is greater than HK\$49,483,000 (i.e. the Remaining Sale Shares Consideration is negative), the Vendors shall refund to the Purchaser from the Deposits an amount equivalent to the difference between the Adjusted Amount and HK\$49,483,000.

(b) Sale Loans Consideration related adjustment

Provided that the Actual Sale Loans does not exceed the Sale Loans Consideration by HK\$45,000,000, the Sale Loans Consideration shall be adjusted on a dollar-for-dollar to be equivalent to the Actual Sale Loans and the Remaining Sale Loans Consideration shall be adjusted accordingly.

For the avoidance of doubt, if the Actual Sales Loans is less than Sale Loans Consideration, then the Remaining Sale Loans Consideration shall be reduced by the amount in which the Actual Sale Loans is less than the Sale Loans Consideration and to the extent that such amount is greater than the Remaining Sale Loans Consideration, the Vendors shall forthwith refund to the Purchaser from the Deposits a sum equivalent to the amount in which the Actual Sale Loans is less than HK\$150,000,000.

In the event that the Actual Sale Loans is greater than HK\$445,517,000, the Purchaser may terminate the Agreement. In such case, each of the Vendors shall forthwith refund their respective portion of the First Deposit and the Second Deposit to the Purchaser together with interest calculated at the rate of 2% per annum from the date of payment of the relevant Deposits to the date of refund of such Deposits.

(vi) Conditions of the Agreement

Completion is conditional upon, inter alias, the followings:

- (a) the passing by the Shareholders to approve the Agreement and the transactions contemplated under the Agreement;
- (b) the due diligence review and investigation on Hotel Fortuna Group having been completed to the satisfaction of the Purchaser in its sole discretion including but not limited to the issue of a legal opinion in form and substance satisfactory to the Purchaser by a PRC lawyer appointed by the Purchaser in relation to but not limited to the ownership, due incorporation, valid and continued existence of Hotel Fortuna, the validity of the land use right obtained for Property 1 (together with Property 3), the validity of the real estate ownership certificate(s) (房地產權證) obtained for Property 1 (together with Property 3) and 2, or any relevant certificate in respect of the property rights of Property 1 (together with Property 3), Property 2 (as the case may be) to be issued by the relevant PRC government authority, and all consents or approvals of any relevant governmental authorities or other relevant regulatory bodies in PRC which are necessary for the entering into and implementation of the Agreement and the operation of Hotel having been obtained and remain current and valid; and
- (c) all approvals from the governments and relevant authorities in relation to the Property 1 (together with Property 3), Property 2 and the Adjacent Land including but not limited to all those set out in the Agreement having been obtained.

If the conditions set out in (a) above is not fulfilled within 60 Business Days from the date of the Agreement, any of the Vendors may terminate the Agreement. In such case, each of the Vendors shall forthwith refund the First Deposit to the Purchaser without interest.

If the condition set out in (b) above is not fulfilled, or not waived by the Purchaser in writing, within six months (or such later date as may be agreed between the Vendors and the Purchaser in writing) from the date of the Agreement, the Purchaser may terminate the Agreement. In such case, each of the Vendors shall forthwith refund their respective portion of the First Deposit to the Purchaser without interest.

If the condition set out in (c) above is not fulfilled, or not waived by the Company in writing, within six months (or such later date as may be agreed between the Vendors and the Company in writing) from the date of the Agreement, the Purchaser may terminate the Agreement. In such case, each of the Vendors shall forthwith refund their respective portion of the First Deposit and the Second Deposit to Purchaser together with interest calculated at the rate of 2% per annum from the date of payment of the relevant Deposits to the date of refund of such Deposits.

(vii) Undertakings

The Company understands from the Vendors that the State-owned Land Use Rights Certificate (國有土地使用証) of Property 1 and Property 3 has been obtained and all land premium have been fully paid.

The Vendors have jointly and severally undertaken to the Purchaser that the Vendors shall use their best endeavours to obtain the relevant real estate ownership licence (房地產權證) of Property 1 (together with Property 3) and the Adjacent Land.

The Vendors have also undertaken to the Purchaser to transfer the Adjacent Land to Hotel Fortuna for zero consideration on or before the Completion Date and shall obtain all necessary governmental approval in respect of the Adjacent Land, including the real estate ownership licence (房地產權證) for the Adjacent Land. As at the date of this announcement, the real estate ownership licence land (房地產權證) for the Adjacent Land has not been obtained.

Pursuant to the Condition of Planning and Design of Construction Land of Shun De Foshan (“順德市土地使用規劃設計條件”), the planning and design works of Property 1 (including Property 3) has a plot ratio equal to or less than 4. The Vendors have also jointly and severally undertaken to the Purchaser that the Vendors shall use their best endeavours to obtain a plot ratio of Property 1 (together with Property 3) and the Adjacent Land of not less than 6 for the purposes of residential development.

In the event that the real estate ownership licence (房地產權證) of Property 1 (together with Property 3) (and to the extent approved by the relevant PRC authorities, together with Adjacent Land) obtained has a plot ratio of not less than 6, the Vendors have jointly and severally undertaken to the Purchaser to pay, on demand, the Purchaser or the relevant PRC governmental authorities as directed by the Purchaser, the full amount of any land premium/value added tax in respect of such Properties together with the Adjacent Land. To the extent that such amount has not been paid by the Vendors before the payment of the Remaining Sale Shares Consideration or the Remaining Sale Loans Consideration, the Purchaser has the right to elect to set off such amount against the final Remaining Sale Shares Consideration or the Remaining Sale Loans Consideration payable under the Agreement.

In the event that the real estate ownership licence (房地產權證) of Property 1 (together with Property 3) (and to the extent approved by the relevant PRC authorities, together with Adjacent Land) obtained has a plot ratio of above 4 but less than 6, the Vendors have jointly and severally undertaken to the Purchaser to pay, on demand, the Purchaser or the relevant PRC governmental authorities as directed by the Purchaser, the amount of any land premium/value added tax in respect of such Properties together with the Adjacent Land which exceeds HK\$3,000,000. To the extent that such amount has not been paid by the Vendors before the payment of the Remaining Sale Shares Consideration or the Remaining Sale Loans Consideration, the Purchaser has the right to elect to set off such amount against the final Remaining Sale Shares Consideration or the Remaining Sale Loans Consideration payable under the Agreement.

The real estate ownership licence (房地產權證) of Property 2 has been obtained and no land premium is required to be paid.

The Company further understands that 佛山市規劃局順德分局 (Planning Department, Shun De District sub branch, Foshan*) is authorised to determine the plot ratio as mentioned above.

(viii) Guarantee

The obligations (including payment obligations) of Mason Creation Limited and Upper Way Holdings Limited were guaranteed by Mr. Sio and Mr. Tang respectively.

INFORMATION ON HOTEL FORTUNA (HONG KONG)

Hotel Fortuna (Hong Kong) was incorporated in 1999 and is an investment holding company. The principal asset of Hotel Fortuna (Hong Kong) is its 100% ownership in Hotel Fortuna, which is a PRC company and owns the Hotel situated at Le Cong Zhen, Shun De District, Foshan, Guangdong Province, the PRC. The Hotel is a 18-storey (including basement) hotel building and a 3-storey annex building erected on a parcel of land with a site area of approximately 22,671.50 sq.m., offering 408 guest rooms, lounge, restaurants, retail shops, multi-function rooms and games rooms. The annex building accommodates a sauna and a night club.

According to the unaudited consolidated management accounts of Hotel Fortuna Group as at 30 September 2007, the total assets of Hotel Fortuna Group were approximately HK\$575.7 million, its total liabilities were approximately HK\$710.3 million and its net liabilities were approximately HK\$134.5 million. Hotel Fortuna Group recorded a net loss of approximately HK\$29.7 million and HK\$71.7 million for each of the two years ended 31 December 2005 and 2006, respectively. For the nine months ended 30 September 2007, Hotel Fortuna Group recorded an unaudited turnover of approximately HK\$49.5 million with an unaudited gross profit of approximately HK\$21.0 million as compared to an unaudited turnover of approximately HK\$22.5 million and an unaudited gross profit of approximately HK\$4.1 million during the same period in 2006, representing an increase of approximately 1.2 times and 4.1 times, respectively.

For the nine months ended 30 September 2007, Hotel Fortuna Group recorded an unaudited net loss of approximately HK\$48.0 million as compared to an unaudited net loss of approximately HK\$60.5 million during the same period in 2006.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

Based on statistics published by the Foshan government, in 2006 Foshan recorded a total of approximately 22.05 million visitor arrivals which represented an increase of 7.1% from 2005. The total spending of visitors was RMB12,947 million, up by 19.1% over 2005. Given the prospects of the tourism industry, the Directors are optimistic on the growth potential for the hotel industry in Foshan.

Based on the net effect of (i) the net liabilities of approximately HK\$134.5 million in unaudited consolidated management accounts of Hotel Fortuna Group as at 30 September 2007; (ii) the maximum increase of HK\$25 million of the Hotel Fortuna Group Consolidated Net Liabilities without adjustment to Sale Shares Consideration (as mentioned under the heading “(v) Adjustment” above); and (iii) the estimated revaluation surplus of approximately HK\$338.6 million (i.e. being the difference between the unaudited carrying amount of property, plant and equipment of Hotel Fortuna Group as at 30 September 2007 and the preliminary property valuation on the Properties at approximately RMB694.8 million as at 31 December 2007 by an independent professional valuer), the reference value of the Hotel Fortuna Group would be approximately HK\$179.1 million (the “Reference Value”).

Accordingly, the Sale Share Consideration (i.e. HK\$149.5 million (subject to adjustments)) represented a discount of approximately 16.5% to the Reference Value.

The Acquisition will allow the Group to further increase the Group's portfolio of property interests. Taking into account (i) the future prospects and growth potential for the hotel industry in Foshan; (ii) the basis of the consideration as described above; (iii) the internal estimate of the management of the Company on the future prospects of Hotel Fortuna, in particular, comparing with the current selling prices of the peers in the same vicinity; (iv) the improvement in the trading position of the Hotel Fortuna Group (both in terms of revenue and gross profit) for the nine months ended 30 September 2007 as compared to the same period in 2006; (v) the future business potential of Hotel Fortuna with its close proximity to various business centres for wholesaling and retailing of furniture, raw steel materials and raw plastic materials; and (vi) 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 aggregate consideration, are fair and reasonable.

Upon Completion, Hotel Fortuna (Hong Kong) will become a direct wholly-owned subsidiary of the Company and its post-acquisition financial results will be consolidated into the Group's consolidated financial statements.

LISTING RULES IMPLICATIONS

As some of the relevant percentage ratios under Rule 14.07 of the Listing Rules exceed 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement requirements and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, none of the Vendors or their associates, hold any Share(s) in the Company and none of the Shareholders or their respective associates has any interest in the transaction contemplated under the Agreement which is different from other Shareholders. Accordingly, no Shareholders are required to abstain from voting on a resolution to approve the Acquisition.

A circular containing, among other things, details of the Acquisition will be despatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING OF THE SHARES

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 9:30 a.m. on 3 March 2008 pending the release of this announcement. Application for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 6 March 2008 has been made by the Company.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of 100% of the issued share capital of Hotel Fortuna (Hong Kong) from the Vendors by the Purchaser pursuant to the Agreement
“Actual Sale Loans”	the actual amount of loans due and outstanding by the Hotel Fortuna Group to the Vendors and their associates at Completion
“Adjacent Land”	the adjacent land, with a site area of 3,300 sq.m., to Property 3

“Agreement”	the sale and purchase agreement dated 29 February 2008 entered into between the Purchaser, the Vendors 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 Hong Kong
“BVI”	British Virgin Islands
the “Company” or the “Purchaser”	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
“Completion Date”	the date fixed for Completion
“Deposit(s)”	the First Deposit and the Second Deposit
“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
“Hotel”	佛山市財神酒店, the hotel situated at Le Cong Zhen, Shun De District, Foshan, Guangdong Province, the PRC
“Hotel Fortuna”	佛山市財神酒店有限公司, a company incorporated in the PRC with limited liability
“Hotel Fortuna Group”	Hotel Fortuna (Hong Kong) and Hotel Fortuna
“Hotel Fortuna Group Consolidated Net Liabilities”	the consolidated net liabilities of the Hotel Fortuna Group on Completion
“Hotel Fortuna (Hong Kong)”	Hotel Fortuna (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability
“Independent Third Party(ies)”	person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties who are not connected persons of the Company and are independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates (as that term is defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Sio”	Mr. Sio Tak Hong

“Mr. Tang”	Mr. Tang Fung
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong and Macau
“Property 1”	Hotel, Le Cong Zhen, Shun De District, Foshan, Guangdong Province, the PRC. The property comprises an 18-storey (including basement) hotel building and a 3-storey annex building erected on a parcel of land with a site area of approximately 22,671.5 sq.m.
“Property 2”	Levels 1 to 4, No. B89 Zhenhua Road, Le Cong Residential Committee East District, Le Cong Zhen, Shunde, Foshan, Guangdong Province, PRC. A 4-storey residential building with a total gross floor area of the property is approximately 2,512.80 sq.m.
“Property 3”	the undeveloped portion of the Hotel located at Le Cong Zhen, Shun De District, Foshan Guangdong Province, the PRC
“Properties”	Property 1, Property 2 and Property 3
“Sale Loans”	all outstanding liabilities owed by Hotel Fortuna (Hong Kong) to each of the Vendors as at Completion
“Sale Loans Consideration”	consideration (subject to adjustments) payable to the Vendors in respect of the Sale Loans
“Sale Shares”	10,000 shares of HK\$1.00 each in share capital of Fortuna Hotel (Hong Kong), representing the entire issued share capital of Fortuna Hotel (Hong Kong)
“Sale Shares Consideration”	consideration (subject to adjustments) payable to the Vendors in respect of the Sale Shares
“Share(s)”	share(s) of HK\$0.01 each in the capital of the Company
“Share Charge”	the share charge to be executed by each of the Vendors in favour of the Purchaser in respect of the Sale Shares owned by each of the Vendors as security of the obligations of the Vendors under the Agreement
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Mason Creation Limited (a company incorporated in Hong Kong with limited liability), Upper Way Holdings Limited (a company incorporated in BVI with limited liability) and Mr. Siu Ka Kuen, being the existing shareholders of Hotel Fortuna (Hong Kong)
“Warrantors”	Mr. Sio and Mr. Tang

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metres

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

Hong Kong, 5 March 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.