



# CAPITAL ESTATE LIMITED

## 冠中地產有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 193)**

### SUPPLEMENTAL MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION OF A 45% INTEREST IN FULVID INVESTMENT COMPANY LIMITED

The Board is pleased to announce that on 7 March 2007, a supplemental non-legally binding memorandum of understanding was entered into among (i) the Purchaser, a wholly-owned subsidiary of the Company; (ii) Mr. Sio; and (iii) Mr. Si, pursuant to which the parties agreed to extend the time for conducting an exclusive due diligence review from 30 April 2007 to 31 July 2007.

Under the supplemental non-legally binding memorandum of understanding, the Company will pay another HK\$10,000,000 to the Potential Vendors as an additional refundable deposit for the Extension.

The Proposed Acquisition is subject to the result of the due diligence review on the business, financial status, legal status and operations of the Fulvid Investment Group. The terms of the definitive agreements have yet to be negotiated and may deviate from those contained in the MOU if the Proposed Acquisition is to proceed. Subject to the terms of the definitive agreements if the Proposed Acquisition materialise, it is presently expected that the Proposed Acquisition may constitute a very substantial acquisition transaction for the Company under the Listing Rules.

**The Board wishes to emphasise that since the supplemental memorandum of understanding is not legally binding and the Proposed Acquisition under the MOU may or may not proceed, Shareholders and investors of the Company should exercise caution when dealing in the Shares.**

This announcement is made pursuant to Rule 13.09 of the Listing Rules. Further announcement will be made by the Company as and when necessary in compliance with the Listing Rules, if required.

Reference is made to the announcement (the "Announcement") of the Company dated 19 January 2007 relating to the non-legally binding MOU dated 19 January 2007 entered into among (i) the Purchaser, a wholly-owned subsidiary of the Company; (ii) Mr. Sio; and (iii) Mr. Si, in relation to 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, for a total consideration of not more than HK\$330 million (subject to satisfactory completion of a due diligence review by the Company and entering into of definitive agreements between the parties). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

On 7 March 2007, the Purchaser, a wholly-owned subsidiary of the Company; Mr. Sio; and Mr. Si have entered into a supplemental non-legally binding memorandum of understanding, pursuant to which the parties agreed to extend the time for conducting an exclusive due diligence review from 30 April 2007 to 31 July 2007 (the "Extension"). The Extension is to allow more time to review the due diligence documents on the business, financial status, legal status and operations of the Fulvid Investment Group for facilitating the negotiation and finalisation of the terms and conditions for the Proposed Acquisition. Save for the Extension, the terms and conditions of the MOU remain unchanged.

Under the supplemental non-legally binding memorandum of understanding, the Company will pay another HK\$10,000,000 to the Potential Vendors as an additional refundable deposit for the Extension.

If the Proposed Acquisition does not materialise or fails to consummate by 31 July 2007, the deposit will be returned to the Company.

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**The Board wishes to emphasise that since the supplemental memorandum of understanding is not legally binding and the Proposed Acquisition under the MOU may or may not proceed, Shareholders and investors of the Company should exercise caution when dealing in the Shares.**

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

Hong Kong, 7 March 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.