
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this document or as to the action to be taken, you should consult your licensed securities dealer, bank, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Capital Estate Limited**, you should at once hand this document to the purchaser or transferee or the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this document, 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 document.



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

11 March 2008

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX — GENERAL INFORMATION	8

DEFINITION

In this document, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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

DEFINITION

“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 incorporated in the PRC, which is 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 an authorised share capital of HK\$200 million, incorporated in Hong Kong with limited liability, which is 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 and Jiangmen New Development 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
“Latest Practicable Date”	7 March 2008, being the latest practicable date prior to printing of this document for the purpose of ascertaining certain information for inclusion in this document
“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 document excludes Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of 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)

DEFINITION

“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 document have been translated into RMB at a rate of HK\$1.00=RMB0.917 for illustration purposes.

** For identification purpose only*

LETTER FROM THE BOARD



CAPITAL ESTATE LIMITED 冠中地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 193)

Execution Directors:

Mr. Chu Nin Yiu, Stephen (*Executive Chairman*)

Mr. Chu Nin Wai, David (*Deputy Chairman*)

Mr. Lau Chi Kan, Michael

Independent non-executive Directors:

Mr. Li Sze Kuen, Billy

Mr. Wong Kwong Fat

Mr. Leung Kam Fai

Registered office:

Unit 1901, 19th Floor

Asia Orient Tower, Town Place

33 Lockhart Road

Wanchai

Hong Kong

11 March 2008

To the Shareholders

Dear Sir/Madam,

DISCLOSEABLE TRANSACTION

FORMATION OF A JOINT VENTURE COMPANY

1. INTRODUCTION

The Board announced 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 would be established, which would be owned as to 89.9% and 10.1% by Best Base and Smooth Win respectively.

The initial investment of 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.

LETTER FROM THE BOARD

The principal business of the subsidiaries of the Joint Venture is 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.

The purpose of this document is to provide you with the relevant information relating to the formation of Joint Venture and the Joint Venture Subsidiaries.

2. THE JOINT VENTURE AGREEMENT

(i) **Date:** 26 February 2008

(ii) **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*, Mr. Zhao Jianhui* are Independent Third Parties.

(iii) **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, would 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 would be owned as to 89.9% and 10.1% by Best Base and Smooth Win respectively.

The Joint Venture has an authorised share capital of HK\$200 million. The initial investment of 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

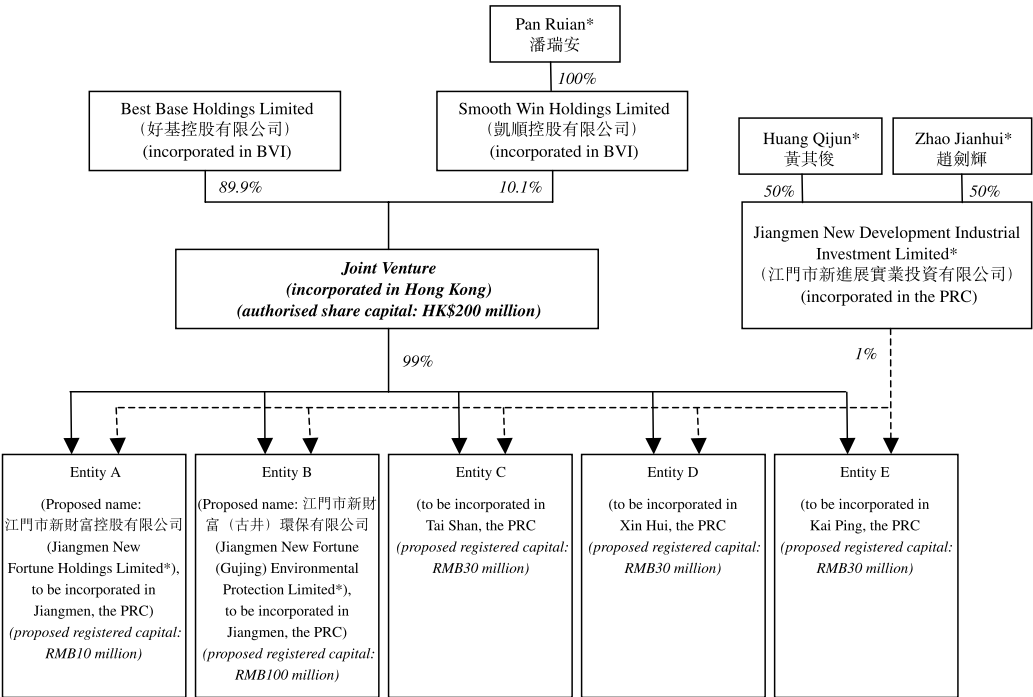
The Joint Venture will, in turn, establish the Joint Venture Subsidiaries, namely Entity A (proposed name: 江門市新財富控股有限公司 (Jiangmen New Fortune Holdings Limited*)), Entity B (proposed name: 江門市新財富 (古井) 環保有限公司 (Jiangmen New Fortune (Gujing) Environmental Protection Limited*)), Entity C, Entity D and Entity E 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 incorporated in the PRC which is 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.

Given that 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 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.

(iv) 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):



LETTER FROM THE BOARD

3. 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 business of the subsidiaries of the Joint Venture is expected to be engaged in the investment in environmental and/or property related projects in the PRC.

The Directors consider that the 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 terms of the Joint Venture Agreement are fair and reasonable and the entering into the Joint Venture Agreement is in the interests of the Company and Shareholders as a whole.

4. POSSIBLE FINANCIAL EFFECTS OF THE FORMATION OF JOINT VENTURE AND THE JOINT VENTURE SUBSIDIARIES

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

As mentioned under the heading "(iii) Subject matter" above, as at the Latest Practicable Date, the method of financing the capital contribution of the Joint Venture has not been decided.

However, for illustration purposes only, should the Company decide to finance the capital contribution for the Joint Venture through cash from internal resources, debt or a combination of both, there will be no material financial effect on the overall net asset position of the Group as any decrease in assets (i.e. cash) or increase in liabilities resulting from the financing will be offset by the consolidation of the assets of the Joint Venture into the Group's balance sheet.

On the other hand, for illustration purposes only, should the capital contribution to the Joint Venture is financed through the issuance of new Shares of the Company, the total assets, capital and reserves of the Group are expected to increase and no material impact on the total liabilities of the Group.

5. GENERAL

Your attention is drawn to the addition information set out in the appendix to this document.

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

1. RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the issuer. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

Ordinary Shares

Authorised: HK\$

<u>200,000,000,000</u>	Shares of HK\$0.01 each	<u>2,000,000,000</u>
------------------------	-------------------------	----------------------

Issued:

<u>13,286,896,896</u>	Shares of HK\$0.01 each	<u>132,868,968.96</u>
-----------------------	-------------------------	-----------------------

All the issued Shares are fully paid and rank pari passu in all respects including the rights as to voting, dividends and return of capital.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and he chief executives of the Company and their respective associates in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO were as follows:

Long position in the Shares

Name of Director	Capacity	Number of issued Shares held	Approximate percentage of existing issued share capital of the Company
Chu Nin Yiu, Stephen	Interest in controlled corporation (<i>Note</i>)	2,288,379,000	17.22

Note:

Mr. Chu Nin Yiu, Stephen, the executive chairman of the Company, is deemed to be interested in 2,288,379,000 Shares which are beneficially owned by Supervalue Holdings Limited, a company incorporated in the BVI with limited liability.

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company and their associates had any interests or short positions in any Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors or the chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register maintained by the Company pursuant to Section 336 of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Long position in the Shares

Name of Director	Capacity	Number of issued Shares held	Approximate percentage of existing issued share capital of the Company
Supervalue Holdings Limited (<i>Note</i>)	Beneficial Owner	2,288,379,000	17.22

Note:

Supervalue Holdings Limited, a company incorporated in the BVI with limited liability and is wholly and beneficially owned by Mr. Chu Nin Yiu, Stephen, the executive chairman of the Company.

Save as disclosed above, the Directors or the chief executive of the Company were not aware that there was any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

4. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in, apart from the Group's business, any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. LITIGATION

Neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claims of material importance which is known to the Directors to be pending or threatened by or against either the Company or any of its subsidiaries as at the Latest Practicable Date.

7. GENERAL

- (a) The registered office of the Company is situated at Unit 1901, 19th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.
- (b) The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The secretary and qualified accountant of the Company is Mr. Hung Yat Ming, CPA, CA.
- (d) The English text of this document shall prevail over their Chinese text in case of inconsistencies.