
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in COL Capital Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**COL Capital Limited**

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

(website: <http://www.colcapital.com.hk>)

DISCLOSEABLE TRANSACTION**CONDITIONAL ACQUISITION OF
17.00 PER CENT. OF THE ISSUED SHARE CAPITAL OF
SHANGHAI ALLIED CEMENT LIMITED**

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DEFINITIONS

In this circular, the following expressions have the meanings correspondingly ascribed below unless the context otherwise requires:

“Acquisition”	the conditional acquisition of the Placed Shares by Taskwell for an aggregate consideration of HK\$87,762,812
“Agreement”	the agreement, as evidenced by a placing letter dated 9th May, 2007, entered into between the Taskwell and SHKIS, with respect to the Acquisition
“Announcement”	the announcement of the Company dated 14th May, 2007
“associates”	having the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“B.V.I.”	British Virgin Islands
“Company”	COL Capital Limited, a company incorporated in Bermuda with limited liability, with its shares listed on the Main Board of the Stock Exchange (Stock Code: 383)
“connected person”	having the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Honest Opportunity”	Honest Opportunity Limited, a company incorporated in B.V.I. with limited liability and an indirect wholly-owned subsidiary of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	31st May, 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Oasis Star”	Oasis Star Limited, a company incorporated in the B.V.I. with limited liability, and an indirect wholly-owned subsidiary of Tian An
“Placed Shares”	124,000,000 SAC Shares placed to Taskwell, representing approximately 17.00 per cent. of the issued share capital of SAC as at the Latest Practicable Date and approximately 31.04 per cent. of the Placing Shares
“Placing”	the conditional placing of the Placing Shares
“Placing Shares”	the 399,485,640 SAC Shares to be placed by SHKIS under the Placing
“SAC”	Shanghai Allied Cement Limited, a company incorporated in Bermuda with limited liability, with its shares listed on the Main Board of the Stock Exchange (Stock Code: 1060)
“SAC Shares”	ordinary shares of nominal value of HK\$0.25 each in the issued share capital of SAC
“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 under the Laws of Hong Kong)
“Shares”	ordinary shares of nominal value of HK\$0.010 each in the issued share capital of the Company
“Shareholders”	the shareholders of the Company
“SHKIS”	Sun Hung Kai Investment Services Limited, a corporation licensed under the SFO to engaged in Type 1 (dealing in securities) and Type 4 (advising and securities) regulated activities
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	having the meaning ascribed to it under the Listing Rules
“Taskwell”	Taskwell Limited, a company incorporated in B.V.I. with limited liability and an indirect wholly-owned subsidiary of the Company

DEFINITIONS

“Tian An”	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability, with its shares listed on the Main Board of the Stock Exchange (Stock Code: 28)
“Tian An China Hotel”	Tian An China Hotel and Property Investments Company Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Tian An
“US\$”	United States dollars, the lawful currency of the United States of America

LETTER FROM THE BOARD



COL Capital Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

(website: <http://www.colcapital.com.hk>)

Executive Directors:

Ms. Chong Sok Un (*Chairman*)
Dato' Wong Peng Chong
Mr. Kong Muk Yin

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Independent Non-Executive Directors:

Mr. Lo Wai On
Mr. Lau Siu Ki, Kevin
Mr. Zhang Jian

*Head Office and Principal Place
of Business in Hong Kong:*

47th Floor
China Online Centre
333 Lockhart Road
Wan Chai
Hong Kong

4th June, 2007

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

CONDITIONAL ACQUISITION OF 17.00 PER CENT. OF THE ISSUED SHARE CAPITAL OF SHANGHAI ALLIED CEMENT LIMITED

1. INTRODUCTION

The Directors are advised that on 8th May, 2007, a placing agreement was executed, pursuant to which the Tian An China Hotel and Oasis Star have agreed to place, through SHKIS, the Placing Shares (being 399,485,640 SAC Shares) to independent investors at a price of HK\$0.70 per Placing Share. The Placing Shares amount to all the SAC Shares in which Tian An China Hotel and Oasis Star, as well as Tian An, were beneficially interested at the Latest Practicable Date and represented approximately 54.77 per cent. of the issued share capital of SAC as at the Latest Practicable Date.

LETTER FROM THE BOARD

On 9th May, 2007, Taskwell (an indirect wholly-owned subsidiary of the Company) and SHKIS, as placing agent for Tian An China Hotel and Oasis Star, entered into the Agreement, pursuant to which Taskwell has conditionally agreed to acquire, and SHKIS has conditionally agreed to place as placing agent, the Placed Shares (being 124,000,000 SAC Shares, representing approximately 17.00 per cent. of the issued share capital of SAC as at the Latest Practicable Date and approximately 31.04 per cent. of the Placing Shares), for an aggregate consideration of HK\$87,762,812 (being HK\$0.70 per Placed Share, with 1 per cent. brokerage, 0.1 per cent. stamp duty, 0.004 per cent. SFC transaction levy, 0.005 per cent. Stock Exchange trading fee and 0.002 per cent. CCASS settlement fee).

Completion of the Placing (and hence the Acquisition) is conditional upon the shareholders of Tian An passing a resolution in general meeting approving the Placing.

The Company, through its indirect wholly-owned subsidiary Honest Opportunity, was beneficially interested in 72,858,680 SAC Shares, representing approximately 9.99 per cent. of the issued share capital of SAC under its securities trading portfolio at the Latest Practicable Date. Following completion of the Placing, the Company will become beneficially interested in an aggregate of approximately 26.99 per cent. of the issued share capital of SAC.

The Acquisition constitutes a discloseable transaction for the Company, on the basis that the calculations of the assets and consideration ratios are both within the range of 5 per cent. and 25 per cent.

The purpose of this circular is to provide the Shareholders with details of the terms of the Acquisition and other information in accordance with the requirements of the Listing Rules.

2. THE AGREEMENT

Date

9th May, 2007.

Parties

- (1) Taskwell as placee.
- (2) SHKIS as placing agent for Tian An China Hotel and Oasis Star.

To the best of the Directors' knowledge, Tian An, Tian An China Hotel, Oasis Star and SHKIS and their respective ultimate owners are independent third parties not connected with the Company, any of its subsidiaries or any of their respective associates, or any of the connected persons of the Company, any of its subsidiaries or any of their respective associates.

LETTER FROM THE BOARD

The Placed Shares

The Placed Shares represented approximately 17.00 per cent. of the issued share capital of SAC as at the Latest Practicable Date and approximately 31.04 per cent. of the Placing Shares. The Placed Shares will be acquired free from any encumbrance and together with all rights and benefits attaching or accruing to it on or after the date of the Completion.

Consideration

The consideration for the Acquisition is HK\$87,762,812 (being HK\$0.70 per Placed Share, with 1 per cent. brokerage, 0.1 per cent. stamp duty, 0.004 per cent. SFC transaction levy, 0.005 per cent. Stock Exchange trading fee and 0.002 per cent. CCASS settlement fee). The consideration will be settled in cash and payable on completion. The consideration was arrived at after arm's length negotiations between Taskwell and SHKIS.

Payment of the consideration for the Acquisition will be funded by internal resources of the Company or borrowings, or a combination of both.

Conditions

Completion of the Placing (and hence the Acquisition) is conditional upon the shareholders of Tian An passing a resolution in general meeting approving the Placing.

The Acquisition is conditional and may or may not proceed. Accordingly, Shareholders and prospective investors are reminded to exercise extreme caution when trading in the Shares and in SAC Shares.

Completion

Subject to fulfilment of the conditions set out in the Agreement, completion of the Acquisition will take place within six weeks from the date of the Agreement.

3. INFORMATION ABOUT THE COMPANY, HONEST OPPORTUNITY AND TASKWELL

The Company

The Company is a company incorporated in Bermuda with limited liability. Its shares are listed on the Main Board of the Stock Exchange.

The principal business activity of the Company is investment holding and through its subsidiaries engages in the distribution of telecommunications and information technology products, securities trading and investments, provision of financial services, property investment and strategic investment.

LETTER FROM THE BOARD

Honest Opportunity

Honest Opportunity is a company incorporated in B.V.I. with limited liability. The principal business activity of Honest Opportunity is securities trading and investment. Honest Opportunity is an indirect wholly-owned subsidiary of the Company.

Taskwell

Taskwell is a company incorporated in B.V.I. with limited liability. The principal business activity of Taskwell is investment holding. Taskwell is an indirect wholly-owned subsidiary of the Company.

4. INFORMATION ABOUT TIAN AN, TIAN AN CHINA HOTEL AND OASIS STAR

Tian An is a company incorporated in Hong Kong with limited liability. Its shares are listed on the Main Board of the Stock Exchange.

The principal business of Tian An is investment holding. It is engaged principally in the development of high-end apartments, villas, office buildings and commercial properties, property investment, property management and hotel operation, as well as the manufacturing and sales of construction materials in China.

Tian An China Hotel and Oasis Star are both wholly-owned subsidiaries of Tian An.

5. INFORMATION ABOUT SHKIS

SHKIS is a corporation licensed under the SFO to engaged in Type 1 (dealing in securities) and Type 4 (advising and securities) regulated activities.

6. INFORMATION ABOUT SAC

SAC is a company incorporated in Bermuda with limited liability. Its shares are listed on both the Main Board of the Stock Exchange and Singapore Exchange Securities Trading Limited.

The principal business of SAC is investment holding. It is engaged principally in the manufacturing and distribution of clinker, cement and slag powder for its continuing operations.

LETTER FROM THE BOARD

7. REASONS FOR AND BENEFITS OF THE ACQUISITION

It is the intention of the Company to continuously search for strategic investment opportunity. Following completion of the Placing, the Group will hold the Placed Shares as strategic long term investment and will be classified in the accounts as “Available-for-sale Financial Assets” as defined under the Hong Kong Accounting Standards HKAS39 issued by Hong Kong Institute of Certified Public Accountants. At each balance sheet date subsequent to initial recognition, “Available-for-sale Financial Assets” are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on “Available-for-sale Financial Assets” are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods.

Given that the placing price of HK\$0.70 per SAC Share under the Placing represents a discount of approximately 62.57 per cent. to the closing price of HK\$1.87 per SAC Share as quoted on the Stock Exchange on the last trading day of the SAC Shares immediately before the date of the Announcement, the Directors consider that the Acquisition represents a good opportunity for the Company to secure its strategic shareholding in SAC.

Having regard to the nature of and benefits resulting from the Acquisition, as well as the prevailing market prices of the SAC Shares and the financial position and business operation of SAC, the Directors believe that the terms of the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders taken as a whole.

8. SUMMARY OF FINANCIAL RESULTS OF SAC

A summary of the audited results of SAC for the two years ended 31st December, 2005 and 31st December, 2006 are as follows:

	Year ended 31st December,	
	2006	2005
	HK\$'000	HK\$'000
Turnover	384,931	345,300
Profit (loss) before tax	17,744	(25,058)
Profit (loss) for the year	7,194	(32,540)
Profit (loss) attributable to the equity holders of SAC	<u>387</u>	<u>(35,233)</u>

The audited net asset value of SAC as at 31st December, 2006 was approximately HK\$300,647,000.

9. FINANCIAL EFFECT OF THE ACQUISITION

Following completion of the Acquisition, net asset value of the Company will remain unchanged as the increase in non-current assets will be off-set by the decrease in current assets or the increase in current or non-current liabilities.

LETTER FROM THE BOARD

10. LISTING RULES IMPLICATIONS

The Acquisition constitutes a discloseable transaction for the Company, on the basis that the calculations of the assets and consideration ratios are both within the range of 5 per cent. and 25 per cent.

11. ADDITIONAL INFORMATION

Your attention is drawn to the general information of the Company set out in the appendix to this circular.

Yours faithfully,
On behalf of the Board
COL Capital Limited
Chong Sok Un
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) 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 the interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to in such provisions of the SFO; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules to be notified to the Company and the Stock Exchange:

Name of Director	Personal interests	Corporate interests	Other interests	Total	Percentage
					over all issued Shares
Ms. Chong Sok Un	–	106,484,400	–	106,484,400	38.38%
		(Note 1)			

Notes:

- (1) As at the Latest Practicable Date, Vigor Online Offshore Limited (“Vigor Online”), a wholly-owned subsidiary of China Spirit Limited (“China Spirit”) held 106,484,400 Shares. Ms. Chong maintains 100% beneficial interests in China Spirit. Accordingly, Ms. Chong is deemed to have corporate interests in 106,484,400 Shares.
- (2) The interests stated above represented long position.

(b) Substantial Shareholders' interests

Save as disclosed below, the Directors and the chief executive of the Company were not aware that there was any person who, as at the Latest Practicable Date, had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed under provisions of Division 2 and 3 of Part XV of the SFO, or who, as at the Latest Practicable Date, was directly and indirectly interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Group.

Name	Capacity	Number of Shares held	Percentage over all issued Shares
Ms. Chong Sok Un	Held by controlled corporation (<i>Note 1</i>)	106,484,400	38.38%
China Spirit Limited	Held by controlled corporation (<i>Note 1</i>)	106,484,400	38.38%
Vigor Online	Beneficial owner	106,484,400	38.38%

Notes:

1. As at the Latest Practicable Date, Vigor Online is a wholly-owned subsidiary of China Spirit in which Ms. Chong maintains 100% beneficial interest. Accordingly, China Spirit and Ms. Chong are deemed to be interested in 106,484,400 Shares under the SFO.
2. All interests stated above represented long positions.

3. SERVICE CONTRACTS OF THE DIRECTORS

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

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates were considered to have interests in businesses apart from the Group's businesses which compete, or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

5. LITIGATION

- (a) In November 1998, a writ was issued against the Company's subsidiaries, Hongkong Digital Television Limited ("Digital TV", formerly Star Interactive Television Limited) and Star Telecom Services Limited ("STSL", formerly Hong Kong Star Internet Limited) by nCube Corporation ("nCube"), claiming the sum of approximately US\$1,980,000 (equivalent to approximately HK\$15,305,000) plus interest in relation to the alleged purchase of two MediaCube 3000 systems by Digital TV from nCube. The claim of nCube against STSL was on the basis of a chop of STSL on the contract between Digital TV and nCube. STSL had taken legal advice and had been advised that it was very unlikely that STSL would be held liable to the claim of nCube. Digital TV was also opposing the claim of nCube and had taken legal advice.

As advised by its lawyers, Digital TV had reasonable grounds in defending the claim and, accordingly, had not made any provision in the financial statements in connection with the claim. Digital TV filed a defence in this section on 14 December 1998 and nCube had failed to take further action since that date. There was no progress during the year in respect of the litigation.

- (b) Stellar One Corporation ("Stellar One") served a statutory demand under Section 178 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) for the sum of approximately US\$1,152,000 (equivalent to approximately HK\$8,983,000) upon Digital TV in November 1998. Stellar One filed a winding up petition against Digital TV in December 1998 which was vigorously opposed by Digital TV. Digital TV applied for an order for security for the costs against Stellar One. On 4 May 1999, the Court ordered Stellar One to pay HK\$200,000 to the court as security for the costs of Digital TV on or before 7 May 1999. Stellar One failed to pay that amount to the court.

The petition was dismissed in November 1999 and Stellar One was to pay Digital TV its cost of the petition, which amounted to HK\$254,000. Stellar One had indicated that it would proceed to arbitration in Honolulu to recover the alleged amount.

Digital TV took legal advice and was advised that the arbitration proceedings had not commenced as of the date of this document. As advised by its lawyers, Digital TV had reasonable grounds in defending the claims and, accordingly, had not made any provision in the financial statements in connection with the claims.

Save and except for the matters specified above, neither the Company nor any of its subsidiaries is engaged in any litigation or claims of material importance and, so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against any companies of the Group.

6. GENERAL

- (a) The registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.
- (b) The head office and principal place of business in Hong Kong of the Company is 47th Floor, China Online Centre, 333 Lockhart Road, Wan Chai, Hong Kong.
- (c) The secretary of the Company is Ms. Fung Ching Man, Ada, an associate member of The Institute of Chartered Secretaries and Administrators.
- (d) The qualified accountant of the Company is Mr. Kong Muk Yin. He graduated from City University of Hong Kong with a bachelor's degree in business studies. He is a fellow member of The Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst.
- (e) The principal share registrar and transfer office is Butterfield Fund Services (Bermuda) Limited, Rosebank Centre, 11 Bermudiana Road, Pembroke HM 08, Bermuda.
- (f) The Hong Kong branch share registrars of the Company is Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong.
- (g) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.