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**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)**

**MAJOR TRANSACTION  
RELATING TO SUBSCRIPTION OF SENIOR,  
UNSECURED CONVERTIBLE NOTES DUE 2016**

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A letter from the Board is set out on pages 4 to 11 of this circular.

3 January 2011

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## DEFINITIONS

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*In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:*

“A\$”	Australian dollars, the lawful currency of Australia
“Announcements”	the announcements dated 13 December 2010 and 15 December 2010 issued by the Company relating to the Subscription
“Board”	the board of Directors
“Company”	COL Capital Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Convertible Notes”	the 8% senior unsecured convertible notes issued by FKP Limited due 2016
“Directors”	the directors of the Company
“FKP”	FKP Limited (ABN 28 010 729 950), a company incorporated in Australia, whose shares are listed on the ASX Limited
“FKP Group”	FKP Limited, each of its subsidiaries, FKP Funds Management Limited (ABN 17 089 800 082) as responsible entity of the Trust (the “RE”). The Trust and its controlled entities (including any joint venture vehicles and minority interests that are included in the financial reports of FKP and the RE)
“FKP Property Group”	FKP Group excluding any joint venture vehicles and minority interests that are included in the financial reports of FKP and the RE
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	party who, together with his/her ultimate beneficial owner(s) is/are persons independent of the Company and its connected persons
“Latest Practicable Date”	29 December 2010, 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”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Noteholders”	holders of the Convertible Notes
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“PRC”	the People’s Republic of China
“Put Price”	100% of the principal amount of the Convertible Notes plus accrued but unpaid interest
“Retirement Assets Sale Put Price”	110% of the principal amount of the Convertible Notes plus accrued but unpaid interest
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stapled Securities”	a stapled security, traded as one single listed security on the ASX Limited, constituted by an ordinary share in FKP and a unit in the Trust stapled together so that they cannot be traded separately with ticker number FKP AU

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Action Best Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Convertible Notes
“Trust”	FKP Property Trust (ARSN: 099 648 754)
“Vigor Online”	Vigor Online Offshore Limited, a company incorporated in the British Virgin Islands and a controlling Shareholder holding 390,325,707 Shares, representing approximately 70.11% of the entire issued share capital of the Company as at the Latest Practicable Date
“%”	per cent

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## LETTER FROM THE BOARD

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### **COL Capital Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 383)**

*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  
Mr. Zhang Jian

*Principal place of business in Hong Kong:*

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

3 January 2011

*To the Shareholders*

Dear Sir or Madam,

### **MAJOR TRANSACTION RELATING TO SUBSCRIPTION OF SENIOR, UNSECURED CONVERTIBLE NOTES DUE 2016**

This circular is despatched to Shareholders for information purpose only. No general meeting will be convened for approving the Subscription as Vigor Online, the controlling shareholder of the Company holding 390,325,707 Shares, representing approximately 70.11% of the issued share capital of the Company as at the date of the Subscription, has already provided a written approval of the Subscription. Furthermore, as no Shareholder has a material interest in the Subscription which is different from other Shareholders, no Shareholder would be required to abstain from voting in respect of the Subscription if a general meeting were convened for approving the Subscription.

#### **INTRODUCTION**

As disclosed in the Announcements, on 13 December 2010, the Subscriber agreed to subscribe for A\$25 million (approximately HK\$191,500,000) of the Convertible Notes.

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## LETTER FROM THE BOARD

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As the relevant Percentage Ratios for the amount of Convertible Notes agreed to be subscribed by the Subscriber exceeds 25% but is below 100% under Rule 14.07 of the Listing Rules, the proposed subscription of the Convertible Notes, if fully allocated to the Subscriber, would constitute a major transaction for the Company and is subject to approval by Shareholders. The Company has obtained a written shareholder's approval for the Subscription from Vigor Online which holds approximately 70.11% of the total issued share capital of the Company as at the date of Subscription. Accordingly, no general meeting for the Shareholders' approval of the Subscription will be held.

The purpose of this circular is to provide you with, among other things, the details of the Subscription.

### THE SUBSCRIPTION

On 13 December 2010, Action Best Limited, an indirect wholly-owned subsidiary of the Company, agreed to subscribe for A\$25 million (approximately HK\$191,500,000) of the Convertible Notes. The Company has been informed that the Convertible Notes have been fully subscribed.

To the best knowledge, information and belief of the Directors having made all reasonable enquiry, save for the Group's holding of approximately 1.1% of the Stapled Securities, FKP and its ultimate beneficial owners are Independent Third Parties not connected with the Company and connected persons of the Company and is not acting in concert with any of the connected person(s) and each other.

### PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

Based on the information provided by FKP, the indicative principal terms of the Convertible Notes are summarised as follows:

Issuer:	FKP Limited
Principal amount of the Convertible Notes to be subscribed:	A\$25 million (approximately HK\$191,500,000)
Issue Date:	5 January 2011 (being also the settlement date of the Convertible Notes)
Maturity Date:	5 January 2016 (5 years from the Issue Date)
Issue Price:	100% of the principal amount of the Convertible Notes

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## LETTER FROM THE BOARD

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Coupon Rate:	8.0% per annum, payable semi-annually
Conversion Period:	The conversion right attaching to the Convertible Notes may be exercised, at the option of each Noteholder, at any time from 41 days after the Issue Date until 10 days prior to the Maturity Date
Conversion Price:	The initial Conversion Price is A\$1.014 per Stapled Security, adjusted for certain events as set out below
Conversion Securities:	Noteholders have the right to convert their Convertible Notes into Stapled Securities (credited as fully paid). However, at any time during the Conversion Period, FKP may elect to pay the Cash Settlement Amount in lieu of such Stapled Securities
Cash Settlement Amount:	The product of (a) the number of Stapled Securities deliverable upon exercise of the conversion right at the discretion of FKP and (b) the volume weighted average price of the Stapled Securities for each day during the 30 consecutive stock exchange business days immediately after the cash settlement notice date
Guarantors:	The RE and such other members of the FKP Property Group required in order to ensure that the total tangible assets of FKP and the Guarantors shall at all times comprise a minimum of 80% of the total tangible assets of the FKP Group
Redemption at the Option of FKP:	<p><i>Issuer Call</i> – callable after 5 January 2014 in whole but not in part at the Put Price if the volume weighted average price of the Stapled Securities for any 20 consecutive trading day period is at least 130% of the Conversion Price</p> <p><i>Clean Up Call</i> – callable anytime in whole but not in part at the Put Price if the aggregate principal amount of the Convertible Notes outstanding is less than 10% of the aggregate principal amount originally issued</p>



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## LETTER FROM THE BOARD

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*Tax Call* – FKP may redeem in whole but not in part the Convertible Notes at the Put Price, if following a change in Australian tax laws or regulations, FKP or any Guarantor is required to pay additional amounts in respect of any withholding or other taxes imposed in respect of payments to be made by FKP or, as the case may be, Guarantor in respect of the Convertible Notes

Redemption at the Option of  
Noteholders:

*Change of Control Put* – following the occurrence of a change of control event, each Noteholder will have the option to require FKP to redeem in whole or in part such Noteholder's Notes at the Put Price

*Redemption following delisting of the Stapled Securities* – following the Stapled Securities ceasing to be listed or admitted to trading on any agreed stock exchange or the suspension of the Stapled Securities for a period or more than 20 consecutive trading days, each Noteholder will have the option to require FKP to redeem in whole or in part such Noteholder's Convertible Notes at the Put Price

*Retirement Assets Sale Put* – following the occurrence of a retirement assets sale event, each Noteholder will have the option to require FKP to redeem in whole or in part such Noteholder's Convertible Notes at the Retirement Asset Sale Put Price.

*Investor Put* – on the investor put date (5 January 2014)

Conversion upon Change of Control:

Within 14 days of becoming aware of a change of control event, a change of control notice must be given to Noteholders.

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## LETTER FROM THE BOARD

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Following the giving of a change of control notice, upon any exercise of conversion rights such that the relevant conversion date falls within 30 days following a change of control or if later 30 days following the date on which a change of control notice is given, the conversion price shall be adjusted in accordance with the following formula:

$$\text{COCCP} = \text{OCP} / (1 + (\text{CP} \times c/t))$$

where:

COCCP = the Conversion Price after such adjustment

OCP = the Conversion Price in effect on the day before the change of control occurs

CP = the conversion premium of 20% expressed as a fraction

c = the number of days from and including the day the change of control occurs to but excluding the Maturity Date

t = the number of days from and including the Issue Date to but excluding the Maturity Date

Adjustments to Conversion Price: Adjustment of the Conversion Price in certain circumstances, including but not limited to:

- (i) Consolidation, subdivision or reclassification of the Stapled Securities
- (ii) Capitalisation of profits or reserves
- (iii) Capital distributions and extraordinary distributions subject to dividend protection

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## LETTER FROM THE BOARD

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- (iv) Issues under the distribution reinvestment plan and rights issues of Stapled Securities or options over Stapled Securities to the holders of Stapled Securities at less than 95% of current market price per Stapled Security
- (v) Rights issues of other securities to holders of Stapled Securities
- (vi) Issues of Stapled Securities or equity related securities at less than 95% of the current market price
- (vii) Modifications of rights of conversion of equity related securities issued so that the consideration per Stapled Securities is less than 95% of its current market price after such modification

Listing:

FKP will apply to list the Convertible Notes on the Singapore Exchange Securities Trading Limited.

The Stapled Securities to be issued on conversion of the Convertible Notes will be issued in uncertificated form through the Clearing House Electronic Sub-register System operated by ASX Settlement and Transfer Corporation Pty Ltd and shall be listed on the Australian Securities Exchange.

Lock Up:

Each of FKP and the RE will not issue any Stapled Securities or certain related securities for a period starting from the date of the relevant subscription agreement and ending on the date falling 90 days after the issue date (without the prior written consent of the sole bookrunner and sole lead manager).

Others:

The settlement of the Convertible Notes is subject to the satisfaction of a number of conditions precedent by FKP including the completion of the offering circular and the receipt of all required regulatory approvals

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## LETTER FROM THE BOARD

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The percentage interest in the Stapled Securities upon full conversion of the Convertible Notes to be subscribed by the Company is approximately 3.1% of FKP's issued share capital on an enlarged basis. If necessary and where applicable, the Company will comply with the relevant notifiable transaction requirement for exercise of the conversion option.

### **REASONS FOR AND BENEFITS OF SUBSCRIBING TO THE CONVERTIBLE NOTES**

The principal business of the Company is investment holding and through its subsidiaries engaged in securities trading and investments, provision of financial services, property investment and strategic investment. The Subscription is a transaction carried out as part of the ordinary and usual course of business activities of the Group and will provide interest income to the Group. The Convertible Notes will be recorded as convertible note under non-current assets of the Group. The subscription commitment of the Convertible Notes will be funded by internal resources and/or borrowings of the Group. The Directors consider that the transactions contemplated by the Subscription is on normal commercial terms and the terms of the Subscription are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

The unaudited pro forma financial information on the Group which illustrates the financial effect of the Subscription on the assets and liabilities of the Group assuming the completion of the Subscription had taken place on 30 June 2010 is set out in Appendix II. The receipt of interest income will increase the revenue and the earnings of the Group.

In view of the above, the Board is of the view that the terms of the Subscription are fair and reasonable and on normal commercial terms, and the Subscription is in the interest of the Company and the Shareholders taken as a whole.

### **Information on FKP**

FKP is an Australian property and investment group. It is involved in property development, construction, land subdivision, retirement village ownership and management, property investment and asset management. Its portfolio includes mixed-use, land, retail, residential, retirement, industrial and commercial assets.

### **Information on the Company**

The principal business of the Company is investment holding and through its subsidiaries engaged in securities trading and investments, provision of financial services, property investment and strategic investment.

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## LETTER FROM THE BOARD

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### IMPLICATIONS UNDER THE LISTING RULES

As the relevant Percentage Ratios for the amount of Convertible Notes agreed to be subscribed by the Subscriber exceeds 25% but is below 100% under Rule 14.07 of the Listing Rules, the Subscription, if fully allocated to the Subscriber, would constitute a major transaction for the Company and is subject to approval by Shareholders. The Company has obtained a written shareholder's approval for the Subscription from Vigor Online which holds approximately 70.11% of the total issued share capital of the Company as at the date of Subscription. Accordingly, no general meeting for the Shareholders' approval of the Subscription will be held.

### FUTURE PROSPECTS OF THE GROUP

During the first half of 2010, the weaker-than-expected global recovery and the gloomy economic outlook of major western countries continued to adversely affect market sentiments. The euro-zone sovereign debt crisis, the faltering economic recovery in the US and the concern over the asset bubble in the PRC weighed on consumer confidence and fueled the volatility of the financial markets. The weakness of the global financial markets and the prolonged uncertain economic outlook is expected to continue into the first half of 2011. The Group will remain cautious in its investment approach and strategy. Although the situation will be difficult and volatile, the Group, however, believes that there will still be attractive investment opportunities available in the China, Hong Kong and the Asia Pacific region as companies and businesses will become more grossly undervalued as a result of such weak market sentiment. The Group will continue to seek and identify such opportunities to enhance value for shareholders.

### RECOMMENDATION

Although no general meeting will be convened for approving the Subscription, the Board considers that the transactions contemplated under the Subscription are on normal commercial terms and the terms of the Convertible Notes are fair and reasonable and are in the interests of the Company and its Shareholders taken as a whole. Accordingly, if a general meeting were convened for approving the Subscription, the Board would have recommended the Shareholders to vote in favour of the Subscription.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By Order of the Board  
**COL CAPITAL LIMITED**  
**Chong Sok Un**  
*Chairman*

**1. FINANCIAL INFORMATION**

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year for the Group.

- (a) the 6-month period ended 30 June 2010 (unaudited) is disclosed in the Company's 2010 interim report published on 16 September 2010 from pages 1 to 26. Please also see below hyperlink to the Interim Report 2010:

<http://www.hkexnews.hk/listedco/listconews/sehk/20100916/LTN20100916317.pdf>

- (b) the year ended 31 December 2009 is disclosed in the Company's 2009 annual report published on 29 April 2010 from pages 25 to 102. Please also see below hyperlink to the Annual Report 2009:

<http://www.hkexnews.hk/listedco/listconews/sehk/20100429/LTN201004291401.pdf>

- (c) the year ended 31 December 2008 is disclosed in the Company's 2008 annual report published on 29 April 2009 from pages 26 to 90. Please also see below hyperlink to the Annual Report 2008:

<http://www.hkexnews.hk/listedco/listconews/sehk/20090429/LTN200904291544.pdf>

- (d) the year ended 31 December 2007 is disclosed in the Company's 2007 annual report published on 29 April 2008 from pages 26 to 88. Please also see below hyperlink to the Annual Report 2007:

<http://www.hkexnews.hk/listedco/listconews/sehk/20080429/LTN20080429995.pdf>

**2. STATEMENT OF INDEBTEDNESS**

At the close of business on 30 November 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding securities margin loans of approximately HK\$803,267,000, secured term loan of HK\$152,783,000 and unsecured convertible bonds liabilities with principal value of HK\$118,000,000 (the carrying amounts of convertible bonds is approximately HK\$106,843,000). As at 30 November 2010, the Group's investments held for trading, available-for-sale investments and securities brokers house deposits with respective carrying values of approximately HK\$1,158,593,000, HK\$344,454,000 and HK\$3,720,000 were pledged to securities brokers houses to secure short term credit facilities granted to the Group. The securities margin loans were secured by the Group's pledged marketable securities and securities broker house deposits.

Save as aforesaid, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 30 November 2010 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments charges, guarantees or other material contingent liabilities.

### **3. CONTINGENT LIABILITIES**

- (a) In respect of the disposal of a subsidiary in prior years, the Group has given an indemnity to the purchaser against all liabilities, losses, costs and expenses suffered and/or incurred by the purchaser in relation to or arising out of the assignment of certain of the subsidiary's business contracts.
- (b) In 1997, the Group had given a counter-indemnity to a former substantial shareholder and the ex-chairman of PCCW Limited (formerly known as Tricom Holdings Limited ("Tricom")), and Chambord Investment Inc. in respect of certain indemnities given to Tricom at the time of and to facilitate the listing of Tricom's shares on the Stock Exchange. These indemnities related to the use of the Tricom tradename, the infringement of the permitted use of properties, the guarantees granted to Tricom to secure banking facilities and tax liabilities.

The Directors consider it is not possible to estimate the financial effect of the indemnities and warranty given.

### **4. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account of the effect of the Subscription, the Group's existing cash and bank balances, the present available credit facilities and margin loan facilities and the expected internally generated funds, the Group has sufficient working capital for its present requirement for the next twelve months from the date of this circular.

### **5. LITIGATION**

The material litigations/claims of the Group as at the Latest Practicable Date are disclosed in the paragraph headed "Litigation" in Appendix III. Save as aforesaid, the Group had no other material litigation as at the Latest Practicable Date.

### **6. MATERIAL CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009, being the date to which the latest published audited accounts of the Group were made up.

**I. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL  
INFORMATION****Deloitte.**  
**德勤**德勤•關黃陳方會計師行  
香港金鐘道88號  
太古廣場一座35樓Deloitte Touche Tohmatsu  
35/F One Pacific Place  
88 Queensway  
Hong Kong**TO THE DIRECTORS OF COL CAPITAL LIMITED**

We report on the unaudited pro forma financial information of COL Capital Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed subscription of the 8% senior unsecured convertible notes issued by FKP Limited might have affected the financial information presented, for inclusion in Appendix II of the circular dated 3 January 2011 (“Circular”). The basis of preparation of the unaudited pro forma financial information is set out on page 14 – 18 of the Circular.

**Respective responsibilities of directors of the Company and reporting accountants**

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.



We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 30 June 2010 or any future date.

**Opinion**

In our opinion:

- a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
3 January 2011

**II. UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE GROUP****Introduction**

The unaudited pro forma statement of assets and liabilities of the Group has been prepared to illustrate the effect of the subscription of the 8% senior unsecured convertible notes issued by FKP Limited (the “Subscription”).

The unaudited pro forma statement of assets and liabilities of the Group has been prepared in accordance with Rule 4.29 of the Listing Rules for the purposes of illustrating the effect of the Subscription as if the Subscription took place on 30 June 2010.

The unaudited pro forma statement of assets and liabilities of the Group is based upon the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2010, that has been extracted from the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2010, after making pro forma adjustment relating to the Subscription that are (i) directly attributable to the transaction, and (ii) factually supportable.

The unaudited pro forma statement of assets and liabilities of the Group is based on a number of assumptions, estimates and uncertainties. Accordingly, the accompanying unaudited pro forma statement of assets and liabilities on the Group does not purport to describe the actual financial position of the Group that would have been attained had the Subscription been completed on 30 June 2010. The unaudited pro forma statement of assets and liabilities of the Group does not purport to predict the future financial position of the Group.

The unaudited pro forma statement of assets and liabilities of the Group should be read in conjunction with the historical information of the Group as set out in the unaudited consolidated financial statements of the Group for the period ended 30 June 2010.

The statement has been prepared by the directors of the Company for illustrative purposes only and because of its nature, it may not give a true picture of financial position of the Group following completion of the Subscription.

## III. PROFORMA FINANCIAL INFORMATION

	The Group as at 30 June 10 HK\$'000 <i>Note (a)</i>	Pro forma adjustments HK\$'000		Pro Forma Group HK\$'000
<b>Non-current assets</b>				
Investment properties	100,375			100,375
Property, plant and equipment	3,282			3,282
Interests in associates	169,427			169,427
Available-for-sale investments	366,574			366,574
Loan notes	168,754			168,754
Convertible Notes	–	191,500	<i>Note (b)(ii)</i>	191,500
	<u>808,412</u>			<u>999,912</u>
<b>Current assets</b>				
Available-for-sale investments	4,704			4,704
Investments held for trading	2,095,837			2,095,837
Debtors, deposits and prepayments	69,754			69,754
Amount due from an associate	14,339			14,339
Loans receivable	363,349			363,349
Taxation recoverable	2,025			2,025
Pledged bank deposits	6,890			6,890
Bank balances and cash	97,261	(97,261)	<i>Note (b)(i)</i>	–
	<u>2,654,159</u>			<u>2,556,898</u>
<b>Current liabilities</b>				
Creditors and accrued charges	33,798			33,798
Customers' deposits and receipts in advance	56,645			56,645
Subscription payable	–	94,239	<i>Note (b)(i)</i>	94,239
Other borrowings	899,172			899,172
Derivative financial instruments	15,040			15,040
Taxation payable	80,001			80,001
	<u>1,084,656</u>			<u>1,178,895</u>
<b>Net current assets</b>	<u>1,569,503</u>			<u>1,378,003</u>
<b>Total assets less current liabilities</b>	<u>2,377,915</u>			<u>2,377,915</u>
<b>Non-current liabilities</b>				
Other borrowings	150,000			150,000
Convertible bonds	225,011			225,011
	<u>375,011</u>			<u>375,011</u>
<b>Net assets</b>	<u><u>2,002,904</u></u>			<u><u>2,002,904</u></u>

*Notes:*

- (a) The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2010, as set out in the interim report of the Company for the six months ended 30 June 2010 published on 26 August 2010.
- (b) The Group subscribed for 8% senior unsecured convertible notes due in 2016 (the “Convertible Notes”) issued by FKP Limited, a company incorporated in Australia (the “Subscription”). The Convertible Notes is to be designated as a financial asset at fair value through profit or loss upon initial recognition under HKAS 39 “Financial Instruments: Recognition and Measurement” as it contains one or more embedded derivatives. The Convertible Notes will be measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise and classified under non-current asset as the Group considered it as a long term investment.

Related pro forma adjustments are as follows as if the Subscription has been completed on 30 June 2010:

- (i) subscription of Convertible Notes with principal of AUD25,000,000 (approximately HK\$191,500,000) by cash of HK\$97,261,000 and the remaining subscription payable is HK\$94,239,000. Upon completion of the Subscription, the entire subscription monies of HK\$191,500,000 will be settled by utilizing an existing credit facility line of the Group; and
- (ii) initial recognition of Convertible Notes with fair value of HK\$191,500,000 as the Subscription is at arm’s length transaction.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, 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:

#### *Long Position in the Shares and underlying Shares of the Company*

Name of Director	Capacity	Number of Shares held	Approximate% of interest held over all issued Shares
Ms. Chong Sok Un	Interest held by controlled corporation	390,325,707 <i>(Note)</i>	70.11%

*Note:* Vigor Online Offshore Limited (“Vigor Online”), a wholly-owned subsidiary of China Spirit Limited (“China Spirit”), owns 390,325,707 Shares. Ms. Chong maintains 100% beneficial interests in China Spirit. Accordingly, Ms. Chong is deemed to have corporate interest in these 390,325,707 Shares.

**(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.

*Long Position in the Shares and underlying Shares of the Company*

<b>Name</b>	<b>Capacity</b>	<b>Number of Shares or underlying Shares held</b>	<b>Approximate % of interest held over issued Shares</b>
Ms. Chong Sok Un (Ms. Chong)	Held by controlled corporation ( <i>Note 1</i> )	390,325,707	70.11%
China Spirit Limited ("China Spirit")	Held by controlled corporation ( <i>Note 1</i> )	390,325,707	70.11%
Vigor Online Offshore Limited ("Vigor Online")	Beneficial owner ( <i>Note 1</i> )	390,325,707	70.11%
Ma Hongyi ("Mr. Ma")	Beneficial owner ( <i>Note 2</i> )	120,000,000	21.56%
Lee and Lee Trust	Held by controlled corporation ( <i>Note 3</i> )	133,333,333	23.95%
Allied Group Limited ("Allied Group")	Held by controlled corporation ( <i>Note 4</i> )	133,333,333	23.95%
Allied Properties (H.K.) Limited ("Allied Properties")	Held by controlled corporation ( <i>Note 5</i> )	133,333,333	23.95%

Name	Capacity	Number of Shares or underlying shares held	Approximate % of interest held over issued Shares
AP Jade Limited ("AP Jade")	Held by controlled corporation ( <i>Note 5</i> )	133,333,333	23.95%
AP Emerald Limited ("AP Emerald")	Held by controlled corporation ( <i>Note 5</i> )	133,333,333	23.95%
Sun Hung Kai & Co. Limited ("SHK & Co.")	Held by controlled corporation ( <i>Note 6</i> )	133,333,333	23.95%
Sun Hung Kai Securities Limited ("SHK Securities")	Held by controlled corporation ( <i>Note 7</i> )	133,333,333	23.95%
Sun Hung Kai Structured Finance Limited ("SHK Structured Finance")	Held as security interest and beneficial owner ( <i>Note 8</i> )	133,333,333	23.95%

*Notes:*

1. Vigor Online, a wholly-owned subsidiary of China Spirit, owns 390,325,707 Shares. Ms. Chong maintains 100% beneficial interests in China Spirit. Accordingly, Ms. Chong is deemed to have corporate interest in 390,325,707 Shares.
2. Mr. Ma has beneficial interest in HK\$90,000,000 convertible bonds of the Company convertible into 120,000,000 Shares.
3. Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together own approximately 53.24% interest in the issued share capital of Allied Group and are therefore deemed to have the same interest held by Allied Group.
4. Allied Group owns approximately 72.34% interest in the issued share capital of Allied Properties and is therefore deemed to have the same interest held by Allied Properties.
5. Through AP Jade and AP Emerald, direct and indirect wholly-owned subsidiaries of Allied Properties respectively, Allied Properties owns approximately 62.72% interest in the issued share capital of SHK & Co. and is therefore deemed to have the same interest held by SHK & Co.

6. SHK & Co. is deemed to have interest in HK\$100,000,000 convertible bonds of the Company convertible into 133,333,333 Shares through its 100% interest in SHK Securities.
7. SHK Securities is deemed to have interest in HK\$100,000,000 convertible bonds of the Company convertible into 133,333,333 Shares through its 100% interest in SHK Structured Finance.
8. SHK Structured Finance owns HK\$100,000,000 convertible bonds of the Company convertible into an aggregate of 133,333,333 Shares in which (i) HK\$90,000,000 convertible bonds convertible into 120,000,000 Shares are held as security interest; and (ii) HK\$10,000,000 convertible bonds convertible to 13,333,333 Shares are held as beneficial interest.

### **3. DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

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.

### **4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS**

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2009 (being the date to which the latest published audited accounts of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

### **5. DIRECTORS' SERVICE CONTRACTS**

- (a) 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).
- (b) There are no service contracts in force between any Director and the Company or any of its subsidiaries or associated companies which are continuous contracts with a notice period of 12 months or more.
- (c) There are no service contracts in force between any Director and the Company or any of its subsidiaries or associated companies which are fixed term contracts with more than 12 months to run irrespective of the notice period.



**6. 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 consolidated 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 since then in respect of the litigation.

- (b) Stellar One Corporation ("Stellar One") served a statutory demand under Section 178 of the Companies Ordinance 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 consolidated financial statements in connection with the claims.

Save and except for the matters specified above, as at the Latest Practicable Date, 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.

**7. MATERIAL CONTRACTS**

The following contract (not being a contract entered into in the ordinary course of business) has been entered into by members of the Group within the two years immediately preceding the date of this circular and ending on the Latest Practicable Date and is or may be material:

- (a) the loan agreement dated 6 July 2009 entered into between Join Capital Limited (“Join Capital”), an indirect wholly-owned subsidiary of the Company, as lender and Mulpha Strategic Limited (“Mulpha Strategic”) as borrower in relation to the revolving secured term loan up to a principal amount of HK\$250 million granted by Join Capital to Mulpha Strategic;
- (b) the sale and purchase agreement dated 4 September 2009 entered into among True Focus Limited, an indirect wholly-owned subsidiary of the Company, Jumbo Hill Group Limited, Mulpha Strategic and Mulpha International Bhd. in relation to the sale and purchase of the 10,000 shares in Pacific Orchid Investments Limited (“Pacific Orchid”) at a consideration of HK\$281.25 million;
- (c) a loan agreement dated 11 October 2009 entered into between Join Capital and Sunnysino (B.V.I.) Limited (“Sunnysino”) in relation to the granting of the secured term loan facility of a principal amount of HK\$221 million (the “Sunnysino Loan Agreement”);
- (d) the placing agreement dated 26 November 2009 entered into between Pacific Orchid and Sun Hung Kai Investment Services Limited in relation to the placing of 40,000,000 shares in Greenfield Chemical Holdings Limited (“Greenfield Shares”) to independent investors at a price of HK\$2.10 per Greenfield Share;
- (e) the sale and purchase agreement dated 4 December 2009 and entered into among Pacific Orchid, Hong Han Limited, Mr. Wan Zhongbo, Ms Liu Jia and the Company in relation to the disposal of 140,000,000 Greenfield Shares at a consideration of HK\$294 million;
- (f) a supplemental agreement dated 4 January 2010 and entered into between Join Capital, Extra Earn Holdings Limited (“Extra Earn”), Liu Xu Ming and Ding Ming Shan in relation to the extension of the repayment date under the loan agreement dated 31 December 2007 (as supplemented by the supplemental loan agreement dated 8 January 2009) to 31 December 2010;
- (g) a loan agreement dated 22 March 2010 and entered into between Join Capital and Mabuhay Holdings Corporation (“Mabuhay”) relating to the granting of a loan facility of up to US\$1 million (approximately HK\$7.8 million) by Join Capital to Mabuhay;

- (h) a supplemental agreement dated 15 April 2010 and entered into between Join Capital and Sunnysino in relation to the extension of the repayment date under the Sunnysino Loan Agreement to 12 May 2010;
- (i) a supplemental agreement dated 24 May 2010 and entered into between Join Capital and Sunnysino in relation to the extension of the repayment date under the Sunnysino Loan Agreement to 30 June 2010;
- (j) a loan agreement dated 25 May 2010 and entered into between Join Capital and Mabuhay relating to the granting of a loan facility of up to US\$4.5 million (approximately HK\$35.1 million) by Join Capital to Mabuhay;
- (k) the agreement dated 15 June 2010 and entered into between Mission Time Holdings Limited (“Mission Time”) as the purchaser, a wholly-owned subsidiary of the Company, Mulpha SPV Limited as the issuer and Mulpha International Bhd. as the guarantor in relation to the purchase of the loan note of nominal amount of US\$26,200,000 by Mission Time at an aggregate consideration of US\$21,652,885.20;
- (l) the subscription agreement dated 25 June 2010 and entered into between Champion Record Limited (“Champion Record”), an indirect wholly-owned subsidiary of the Company, and Extra Earn Holdings Limited (“Extra Earn”) in relation to the subscription of 180,000 new ordinary shares in Extra Earn at an aggregate consideration of US\$18,000,000 (approximately HK\$140,400,000);
- (m) a supplemental agreement dated 9 July 2010 and entered into between Join Capital and Sunnysino in relation to the extension of the repayment date under the Sunnysino Loan Agreement to 30 July 2010;
- (n) the agreement dated 3 September 2010 and entered into between Mission Time and Ms. Yong Pit Chin (“Ms. Yong”) in relation to the disposal of the loan note at a book carrying value of US\$5,018,216.81 of the US\$56,000,000 zero coupon notes due 2012 issued by Mulpha SPV Limited to Ms. Yong at an aggregate consideration of HK\$40,000,000.00;
- (o) the loan agreement dated 9 September 2010 and entered into between Join Capital as lender and He Peng as borrower in relation to a loan facility of up to HK\$255 million granted by Join Capital to He Peng;
- (p) the agreement dated 27 September 2010 and entered into between Mission Time and Mr. Chew Chee Choong (“Mr. Chew”) in relation to the disposal of the loan note at a book carrying value of US\$3,739,600.84 of the US\$56,000,000 zero coupon notes due 2012 issued by Mulpha SPV Limited to Mr. Chew at a consideration of HK\$30,000,000;

- (q) the agreement dated 27 September 2010 and entered into between Mission Time and Jumboview Limited (“Jumboview”) in relation to the disposal of the loan note at a book carrying value of US\$5,484,747.89 of the US\$56,000,000 zero coupon notes due 2012 issued by Mulpha SPV Limited to Jumboview at a consideration of HK\$44,000,000;
- (r) the underwriting agreement dated 4 October 2010 and entered into between Spring Idea Limited, an indirect wholly-owned subsidiary of the Company and Nexbis Limited (“Nexbis”) relating to the underwriting of certain number of new shares to be issued and allotted by Nexbis under a rights issue in an amount up to A\$9 million.
- (s) the deed of variation dated 25 November 2010 and entered into between Join Capital and Mabuhay relating to the extension of the repayment date of the loan facility of up to US\$4.5 million granted under the Loan Agreement dated 25 May 2010; and

Save as disclosed above, there are no other contracts (not being contracts in the ordinary course of business) being entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date, which are or may be material.

## 8. EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinion or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Deloitte Touche Tohmatsu (“Deloitte”)	Certified Public Accountants

Deloitte has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and report and reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, Deloitte did not have any direct or indirect shareholding in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, Deloitte did not have any direct or indirect interest in any assets which have been since 31 December 2009 (the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

**9. 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, Wanchai, 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 principal share registrar and transfer office of the Company is Butterfield Fulcrum Group (Bermuda) Limited, Rosebank Centre, 11 Bermudiana Road, Pembroke HM08, Bermuda.
- (e) The Hong Kong branch share registrar and transfer office of the Company is Trior Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (f) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays and public holidays) at the principal office of the Company at 47/F., China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong, and will also be available on the websites of the Company at <http://www.irasia.com/listco/hk/colcapital/> during normal business hours on any business day from the date of this circular up to and including 17 January 2011:–

- (a) the Memorandum of Association and Bye-laws of the Company;
- (b) the material contracts referred to under the paragraph headed "Material Contracts" in this Appendix;
- (c) the annual reports of the Company for the two financial years ended 31 December 2008 and 31 December 2009 and the interim report of the Company for the six months period ended 30 June 2010;
- (d) the circulars of the Company dated 24 September 2010 and 30 September 2010;
- (e) the accountants' report on the unaudited pro-forma financial information on the Group as set out in Appendix II to this circular;

- (f) the letter of consent from Deloitte referred to under “Expert and Consent” in this Appendix;
- (g) the comfort letter dated 3 January 2011 issued by Deloitte to the Board; and
- (h) this circular.