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COL Capital Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00383)

MAJOR TRANSACTION

A letter from the board of directors of COL Capital Limited is set out on pages 5 to 13 of this circular.

23 October 2009

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	
Introduction	5
The Loan Agreement	6
Implications under the Listing Rules	12
Recommendation	13
Additional Information	13
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	14
APPENDIX II – GENERAL INFORMATION	17

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 14 October 2009
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Borrower”	Sunnysino (B.V.I.) Limited, a company incorporated in the British Virgin Islands and wholly and beneficially owned by the Guarantor
“Borrower Debenture”	a debenture dated 11 October 2009 created by the Borrower in favour of the Lender by way of a first fixed and floating charge over all the undertaking, property and assets and rights of the Borrower
“Borrower Share Charge”	a share charge dated 11 October 2009 executed by the Guarantor in favour of the Lender by way of a first legal charge over the entire issued share capital of the Borrower
“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
“Debentures”	collectively the Borrower Debentures and the Redstone Debenture
“Deed of Assignment and Subordination”	a deed of assignment and subordination dated 11 October 2009 executed by the Guarantor, the Borrower and Redstone in favour of the Lender
“Directors”	the directors of the Company
“Guarantor”	Mr. Xu Guo Liang, an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who, together with his/her ultimate beneficial owner(s) is/are persons independent of the Company and its connected persons
“Latest Practicable Date”	20 October 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Lender”	Join Capital Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned indirect subsidiary of the Company
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	the secured term loan facility of principal amount of HK\$221 million granted by the Lender to the Borrower pursuant to the terms of the Loan Agreement
“Loan Agreement”	the loan agreement dated 11 October 2009 entered into between the Lender and the Borrower relating to the granting of the Loan
“Personal Guarantee”	a personal guarantee dated 11 October 2009 given by the Guarantor in favour of the Lender to guarantee the due performance of the Borrower, Redstone and the Guarantor under the Security Documents
“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
“Pledge Agreements”	collectively the Shanghai Heng Yuan Pledge Agreement, the Shanghai Shang Sheng Pledge Agreement and the Yunnan Crescent Pledge Agreement
“PRC”	the People’s Republic of China

DEFINITIONS

“Redstone”	Redstone Gold Limited, a company incorporated in the British Virgin Islands and wholly and beneficially owned by the Borrower
“Redstone Debenture”	a debenture dated 11 October 2009 created by the Redstone in favour of the Lender by way of a first fixed and floating charge over all the undertaking, property and assets and rights of the Redstone
“Redstone Share Charge”	a share charge dated 11 October 2009 executed by the Borrower in favour of the Lender by way of a first legal charge over the entire issued share capital of Redstone
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Heng Yuan”	Shanghai Heng Yuan Enterprises Development Co. Ltd., a company incorporated in the PRC and beneficially owned by the Guarantor as to 69% and two Independent Third Parties as to 20% and 11% respectively
“Shanghai Heng Yuan Pledge Agreement”	a pledge agreement dated 11 October 2009 executed by the Guarantor as pledgor in favour of the Lender by way of a first legal charge over 69% of the total registered capital of Shanghai Heng Yuan
“Shanghai Shang Sheng”	Shanghai Shang Sheng Real Estate Development Co. Ltd., a company incorporated in the PRC and beneficially owned by the Guarantor as to 66.6% and two Independent Third Parties as to 16.7% each
“Shanghai Shang Sheng Pledge Agreement”	a pledge agreement dated 11 October 2009 executed by the Guarantor in favour of the Lender by way a first legal charge over 66.6% of the total registered capital of Shanghai Shang Sheng
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the Shares
“Share Charges”	collectively the Borrower Share Charge and the Redstone Share Charge
“Security Documents”	collectively the Share Charges, the Pledge Agreements, the Debentures, the Personal Guarantee and the Deed of Assignment and Subordination
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vigor Online”	Vigor Online Offshore Limited, a company incorporated in the British Virgin Islands and a controlling Shareholder holding 356,468,374 Shares representing approximately 64.03% of the entire issued share capital of the Company as at the date of the Announcement
“Yunnan Crescent”	Yunnan Crescent Mining Co. Ltd., a company incorporated in the PRC and beneficially owned by Redstone as to 85% and an Independent Third Party as to 15%
“Yunnan Crescent Pledge Agreement”	a pledge agreement dated 11 October 2009 executed by Redstone in favour of the Lender by way a first legal charge over 85% of the total registered capital of Yunnan Crescent
“%”	per cent

LETTER FROM THE BOARD



COL Capital Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00383)

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

23 October 2009

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

This circular is despatched to Shareholders for information purpose only as no general meeting will be convened for approving the making of the Loan as Vigor Online (the controlling shareholder of the Company holding 356,468,374 Shares, representing approximately 64.03% of the issued share capital of the Company) as at the Latest Practicable Date has already provided a written approval of the making of the Loan. Furthermore, as no shareholder of the Company has material interest in the Loan which is different from other Shareholders, no Shareholder is required to abstain from voting in respect of the making of the Loan.

INTRODUCTION

As disclosed in the Announcement, on 11 October 2009, the Lender, a wholly-owned indirect subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender has agreed to lend to the Borrower a loan facility of principal amount of HK\$221 million for a term of 6 months. The Loan is secured by (i) the Borrower Debenture; (ii) the Borrower Share Charge; (iii) the Redstone Debenture; (iv) the Redstone Share Charge; (v) the Shanghai Heng Yuan Pledge Agreement; (vi) the Shanghai Shang Sheng Pledge Agreement; (vii) the Yunnan Crescent Pledge Agreement; (viii) the Personal Guarantee and (ix) the Deed of Assignment and Subordination.

LETTER FROM THE BOARD

As the relevant Percentage Ratios for the making of the Loan under Rule 14.07 exceeds 25% but is below 100%, the granting of the Loan constitutes a major transaction for the Company and is subject to approval by Shareholders. The Company has obtained a written shareholder's approval for the Loan from Vigor Online which holds approximately 64.61% of the total issued share capital of the Company as at the date of the Loan Agreement. Accordingly, no general meeting for the Shareholders' approval of the Loan will be held.

The granting of the Loan constitutes an advance to an entity pursuant to Rule 13.13 of the Listing Rules, details of which as required under Rule 13.15 of the Listing Rules have been disclosed in the Announcement. The Company will apply with the disclosure requirement under Rule 13.20 of the Listing Rules so long as circumstances leading to such disclosure obligation continue to exist.

The purpose of this circular is to provide with you, among other things, further information on the Loan.

THE LOAN AGREEMENT

Date:	11 October 2009
Lender:	Join Capital Limited, a company incorporated in Hong Kong and a wholly-owned indirect subsidiary of the Company
Borrower:	Sunnysino (B.V.I.) Limited, a company incorporated in the British Virgin Islands and wholly and beneficially owned by the Guarantor

To the best knowledge, information and belief of the Directors having made all reasonable enquiry, the Borrower and its ultimate beneficial owner are Independent Third Parties not connected with the Company and connected persons of the Company. There is no prior relationship or business transaction among the Borrower, the Guarantor and the Company.

Principal terms of the Loan Agreement

Principal Amount of the Loan:	HK\$221 million
Term:	6 months

LETTER FROM THE BOARD

- Purpose: The Loan shall only be applied and used by the Borrower solely for its general working capital
- Interest: 25% per annum payable on a quarterly basis
- Security Documents:
- (1) the Share Charges
 - (2) the Pledge Agreements
 - (3) the Debentures
 - (4) the Personal Guarantee
 - (5) the Deed of Assignment and Subordination

The Share Charges

The Share Charges comprise of:-

- (1) the Borrower Share Charge executed by the Guarantor in favour of the Lender by way of a first legal charge over the entire issued share capital of the Borrower; and
- (2) the Redstone Share Charge executed by the Borrower in favour of the Lender by way of a first legal charge over the entire issued share capital of Redstone.

The Pledge Agreements

The Pledge Agreements comprise of:

- (1) the Shanghai Heng Yuan Pledge Agreement executed by the Guarantor as pledgor in favour of the Lender by way of a first legal charge over 69% of the total registered capital of Shanghai Heng Yuan. Shanghai Heng Yuan is a company incorporated in the PRC and beneficially owned by the Guarantor as to 69% and two Independent Third Parties as to 20% and 11% respectively. Shanghai Heng Yuan is principally engaged in edible oil trading and investment holding in the PRC; and

LETTER FROM THE BOARD

- (2) the Shanghai Shang Sheng Pledge Agreement executed by the Guarantor in favour of the Lender by way of a first legal charge over 66.6% of the total registered capital of Shanghai Shang Sheng. Shanghai Shang Sheng is a company incorporated in the PRC and beneficially owned by the Guarantor as to 66.6% and two Independent Third Parties as to 16.7% each. Shanghai Shang Sheng is principally engaged in property development in the PRC; and
- (3) the Yunnan Crescent Pledge Agreement executed by Redstone in favour of the Lender by way of a first legal charge over 85% of the total registered capital of Yunnan Crescent. Yunnan Crescent is a company incorporated in the PRC and beneficially owned by Redstone as to 85% and an Independent Third Party as to 15%. Yunnan Crescent is principally engaged in gold mining business in the PRC.

Under the Share Charges and the Pledge Agreements, the Lender shall have the rights, among other things, to dispose of and/or transfer to itself the shares and interest in the registered capital of the companies charged in favour of it under the Share Charges and Pledge Agreements upon the occurrence of an event of default or upon the occurrence of any event which may lead to a default by the Borrower under the Loan Agreement. Such defaulting events include, but not limited to, the events under which (a) the Borrower fails to pay any principal, interest, or any other sum payable under the Loan Agreement or any of the Security Documents on the date on which the sum is due and payable; (b) either the Borrower, the Guarantor or Redstone fails to perform any of its obligations, undertakings and agreements under any of the Security Documents, or (c) any representation, warranty or undertaking made by the Borrower, the Guarantor or Redstone is or proves to have been untrue or inaccurate in any respect.

LETTER FROM THE BOARD

The Debentures

The Debentures comprise of:

- (1) the Borrower Debenture created by the Borrower in favour of the Lender by way of a first fixed and floating charge over all the undertaking, property and assets and rights of the Borrower; and
- (2) the Redstone Debenture created by Redstone in favour of the Lender by way of a first fixed and floating charge over all the undertaking, property and assets and rights of Redstone.

The Lender, as a chargee, shall have the rights, among other things, to dispose of and/or take possession of the undertaking, property and assets and rights of the Borrower and Redstone charged in favour of it under the Debentures upon the occurrence of an event of default or upon the occurrence of any event which may lead to a default by the Borrower. Such defaulting events include, but not limited to, the events under which (a) the Borrower fails to pay any principal, interest, or any other sum payable under the Loan Agreement or any of the Security Documents on the date on which the sum is due and payable; (b) either the Borrower, the Guarantor or Redstone fails to perform any of its obligations, undertakings and agreements under any of the Security Documents, or (c) any representation, warranty or undertaking made by the Borrower, the Guarantor or Redstone in any Security Documents is or proves to have been untrue or inaccurate in any respect.

LETTER FROM THE BOARD

The Personal Guarantee

A personal guarantee given by the Guarantor in favour of the Lender pursuant to which the Guarantor has agreed to guarantee the due performance of the obligations of the Borrower, Redstone and the Guarantor under the Security Documents. In the event that the Borrower, the Guarantor or Redstone fails to pay any sum payable by them to the Lender, as the case may be, by the time(s) and on the dates(s) specified in the Security Documents for payment, the Guarantor shall immediately on demand by the Lender pay that sum to the Lender.

The Guarantor has undertaken with the Lender that he will at any time and from time to time upon the written request of the Lender duly execute and deliver any and all such further instruments and documents as the lender may deem desirable for the purpose of obtaining the full benefit of the Personal Guarantee and of the rights and powers therein granted.

The Deed of Assignment and Subordination

A deed of assignment and subordination executed by the Guarantor, the Borrower and Redstone in favour of the Lender pursuant to which the Guarantor as assignor assigns and agrees to assign to the Lender, as a continuing security for the discharge of the repayment obligation of the Borrower under the Loan Agreement, all its rights in and to: (a) the moneys presently due or owing by the Borrower and Redstone to the Guarantor and any amount as may be lent or advanced by the Guarantor to the Borrower and Redstone hereafter from time to time (the "Subordinated Loan"); and (b) all moneys (excluding the Subordinated Loan) which the Guarantor is now or may become entitled to receive from the Borrower and Redstone.

LETTER FROM THE BOARD

The Lender may declare all or any of the security created by the Deed of Assignment and Subordination immediately enforceable at any time upon the occurrence of an event of default or upon the occurrence of any event which may lead to a default by the Borrower under the Loan Agreement.

Repayment: The Borrower shall repay the Loan in full on the last day of the 6-month period following the date on which the Loan is drawn.

Other terms: The Borrower shall pay to the Lender a front end fee representing 2% of the total amount of the Loan drawn under the Loan Agreement.

The Borrower has covenanted and undertaken with the Lender that it shall enter into and shall procure the entering into of such further other mortgage, charge, pledge, corporate or personal guarantee or any other securities as a continuing security as required or demanded by the Lender in its absolute and sole discretion from time to time.

The terms of the Loan Agreement and the Security Documents were arrived at after arm's length negotiations between the Lender and the Borrower. The Lender is a licensed money lender and its principal activity is provision of financial services. The provision of the Loan is a transaction carried out as part of the ordinary and usual course of business activities of the Lender. The entire amount of the Loan is funded by borrowings from financial institutions. The terms of the Loan including the interest rate and the front end fee were determined with reference to the commercial practice and the terms of doing business of those companies engaging in money lending business in Hong Kong. The Directors consider that the transactions contemplated by the Loan Agreement is on normal commercial terms and the terms of the Loan Agreement and the Security Documents are fair and reasonable and are in the interests of the Company and its shareholders as a whole having considered the current market norm in relation to similar transactions and having taken into account the lower costs of borrowing to be paid by the Company. As such, the Company will receive monetary benefits, representing the difference between the costs of borrowing and interest to be received, in providing the Loan.

If upon the exercise of the Lender's rights under the Security Documents constitutes a notifiable transaction for the Company, the Company will comply with such disclosure requirements as required by Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

Information on the Group

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, manufacture of paints and trading in petrochemical and related products, and strategic investment.

Information on the Borrower

The principal business of the Borrower is investment holding. Its sole assets being its investment in Redstone. Redstone is principally engaged in investment holding and is a beneficial owner of 85% interest in the registered capital of Yunnan Crescent, a company principally engaged in gold mining business in the PRC.

Reasons for provision of the Loan

The Lender is a licensed money lender and its principal activity is provision of financial services. The provision of the Loan is a transaction carried out as part of the ordinary and usual course of business activities of the Lender and will provide interest income to the Lender.

The Loan will be recorded as loan receivable under current asset of the Group.

As a result of the granting of the Loan, the loan receivables and borrowings of the Group had been increased. The receipts of interest income and front end fee will increase the revenue and earnings of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant Percentage Ratios for the making of the Loan exceeds 25% but is below 100%, the granting of the Loan constitutes a major transaction of the Company pursuant to Chapter 14 of the Listing Rules. The granting of the Loan is subject to approval by Shareholders. The Company has obtained a written Shareholder's approval for the Loan from Vigor Online which holds approximately 64.61% of the total issued share capital of the Company as at the date of the Loan Agreement. Accordingly, no general meeting for the Shareholders' approval of the Loan will be held. As no Shareholder of the Company has a material interest in the Loan which is different from other Shareholders, no Shareholder is required to abstain from the voting in respect of the Loan.

The granting of the Loan constitutes an advance to an entity pursuant to Rule 13.13 of the Listing Rules, details of which as required under Rule 13.15 of the Listing Rules have been disclosed in the Announcement. The Company will apply with the disclosure requirement under Rule 13.20 of the Listing Rules so long as circumstances leading to such disclosure obligation continue to exist.

LETTER FROM THE BOARD

RECOMMENDATION

Although no general meeting will be convened for approving the making of the Loan, the Board considers that the transactions contemplated by the Loan Agreement are on normal commercial terms and the terms of the Loan Agreement 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 making of the Loan, the Board would have recommended the Shareholders to vote in favour of the making of the Loan.

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. WORKING CAPITAL

The Directors are of the opinion that, after taking into account 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.

2. STATEMENT OF INDEBTEDNESS

At the close of business on 31 August 2009, 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\$338,279,000 and convertible bonds liabilities with principal value of HK\$300,000,000. As at 31 August 2009, the Group's investments held for trading, available-for-sale investments and securities brokers house deposits with respective carrying values of approximately HK\$1,109,253,000, HK\$127,644,000 and HK\$16,749,000 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 brokers house deposits.

Save as aforesaid, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 31 August 2009 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. FUTURE PROSPECTS OF THE GROUP

The Group expects 2009 to be another difficult year with major uncertainties due to the continued economic downturn, rising unemployment and radical changes to the investment environment. Though governments worldwide have responded with massive fiscal stimulus and bailout packages together with aggressive monetary measures to counter the economic turmoil, it is expected that recovery may be a prolonged process. Although the signs of recovery were seen globally in the second half of the period under review, there is still uncertainty as whether such recovery is sustainable. Hence, the Group will remain cautiously optimistic in its investment approach and strategy in respect of its existing businesses in securities trading and investment, provision of financial services, property investment and strategic investment. As a value investor, the Group will continuously review and adjust its investment strategies and investment portfolio in light of the prevailing investment environment to seek and identify grossly undervalued investment and business opportunities in China, Hong Kong and the Asia Pacific region. The Group expects that opportunities will present themselves in these geographical areas and the Group’s renewed financial strength will enable it to take advantage of these opportunities as they arise, to enhance value for shareholders.

On 4 September 2009, the Group entered into a sale and purchase agreement to acquire the entire issued share capital of Pacific Orchid Investments Limited which owns 187,500,000 shares, representing approximately 68.72% of the issued share capital, of Greenfield Chemical Holdings Limited (“Greenfield”), a company listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), for a total consideration of HK\$281,250,000 (“Acquisition”) on the basis of HK\$1.50 per share. Completion of the Acquisition took place immediately after the signing of the sale and purchase agreement. The Group is required under the rules of the Hong Kong Code on Takeovers and Mergers to make a mandatory general cash offer (“General Offer”) at a similar price of HK\$1.50 per share to acquire the remaining 85,360,000 shares of Greenfield not already owned. It is the intention of the Group to maintain the listing of the shares of Greenfield after the General Offer. The Group is of the view that the Acquisition represents an opportunity to utilize a listed platform to widen its business scope and to diversify its revenue base by participating in the manufacture of industrial paints and the trading of petrochemical and related products and expanding into other business sectors when opportunities arise.

In view of the escalating awareness of environment protection, the demand for environmental-friendly and high quality products increases. In order to meet the market requirement, the Group continues to improve product quality, increase the sale in high-yield products and introduce innovation to the products.

With its improved financial strength, the Group is well-positioned to continue to seek and identify grossly undervalued investment and business opportunities in China, Hong Kong and the Asia Pacific region to further enhance value for shareholders.

5. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material change in the financial or trading position of the Group since 31 December 2008, being the date to which the latest published audited accounts of the Group were made up.

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:

Long Position in the shares of the Company

Name of Director	Personal interests	Corporate interests	Other interests	Percentage	
				Total	issued Shares
Ms. Chong Sok Un	–	356,468,374	–	356,468,374	64.03%
		(Note 1)			

Note:

- Vigor Online Offshore Limited (“Vigor”), a wholly-owned subsidiary of China Spirit Limited (“China Spirit”), owns 356,468,374 Shares. Ms. Chong maintains 100% beneficial interests in China Spirit. Accordingly, Ms. Chong is deemed to have corporate interest in 356,468,374 ordinary shares of the Company.

(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 of the Company

Name	Capacity	Number of Shares or underlying shares held	Percentage of issued Shares
Ms. Chong Sok Un ("Ms. Chong")	Held by controlled corporation (<i>Note 1</i>)	356,468,374	64.03%
China Spirit Limited ("China Spirit")	Held by controlled corporation (<i>Note 1</i>)	356,468,374	64.03%
Vigor Online Offshore Limited ("Vigor")	Beneficial owner (<i>Note 1</i>)	356,468,374	64.03%
Ma Hongyi ("Mr. Ma")	Beneficial owner (<i>Note 2</i>)	240,000,000	43.53%
Lee and Lee Trust	Held by controlled corporation (<i>Note 3</i>)	266,666,666	48.36%
Allied Group Limited ("Allied Group")	Held by controlled corporation (<i>Note 4</i>)	266,666,666	48.36%
Allied Properties (H.K.) Limited ("Allied Properties")	Held by controlled corporation (<i>Note 5</i>)	266,666,666	48.36%

Name	Capacity	Number of Shares or underlying shares held	Percentage of issued Shares
AP Jade Limited ("AP Jade")	Held by controlled corporation (<i>Note 5</i>)	266,666,666	48.36%
AP Emerald Limited ("AP Emerald")	Held by controlled corporation (<i>Note 5</i>)	266,666,666	48.36%
Sun Hung Kai & Co. Limited ("SHK & Co.")	Held by controlled corporation (<i>Note 6</i>)	266,666,666	48.36%
Sun Hung Kai Securities Limited ("SHK Securities")	Held by controlled corporation (<i>Note 7</i>)	266,666,666	48.36%
Sun Hung Kai Structured Finance Limited ("SHK Structured Finance")	Held as security interest and beneficial owner (<i>Note 8</i>)	266,666,666	48.36%

Notes:

- Vigor Online Offshore Limited ("Vigor"), a wholly-owned subsidiary of China Spirit Limited ("China Spirit"), owns 356,468,374 Shares. Ms. Chong maintains 100% beneficial interests in China Spirit. Accordingly, Ms. Chong is deemed to have corporate interest in 356,468,374 ordinary shares of the Company.
- Mr. Ma has beneficial interest in HK\$180,000,000 convertible bonds of the Company convertible into 240,000,000 Shares.
- 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 44.54% interest in the issued share capital of Allied Group and are therefore deemed to have the same interest held by Allied Group.
- Allied Group owns approximately 74.36% 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 61.93% 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\$200,000,000 convertible bonds of the Company convertible into 266,666,666 Shares through its 100% interest in SHK Securities.
7. SHK Securities is deemed to have interest in HK\$200,000,000 convertible bonds of the Company convertible into 266,666,666 Shares through its 100% interest in SHK Structured Finance.
8. SHK Structured Finance owns HK\$200,000,000 convertible bonds of the Company convertible into an aggregate of 266,666,666 Shares in which (i) HK\$180,000,000 convertible bonds convertible into 240,000,000 Shares are held as security interest; and (ii) HK\$20,000,000 convertible bonds convertible to 26,666,666 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 2008 (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 Circular. 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, 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) a subscription agreement dated 14 November 2007 entered into by Mission Time Holdings Limited (“Mission Time”) in respect of the subscription for the limited partnership interests in SHK Asian Opportunities Fund, L. P. by Mission Time at an aggregate commitment of up to US\$20 million;
- (b) an underwriting agreement dated 22 November 2007 entered into between the Company and Vigor in relation to the proposed open offer of 276,183,547 Shares;
- (c) an underwriting agreement dated 23 November 2008 entered into between the Company and Vigor in relation to the proposed rights issue;

- (d) a placing agreement dated 23 November 2008 entered into between the Company and Sun Hung Kai International Limited in relation to the placing of the convertible bonds;
- (e) a loan agreement dated 6 July 2009 entered into between Join Capital Limited and Mulpha Strategic in relation to the granting of the revolving secured term loan;
- (f) the agreement dated 4 September 2009 entered into among True Focus Limited, Jumbo Hill Group Limited, Mulpha Strategic Limited, Mulpha International Bhd. and the Company in relation to the sale and purchase of 10,000 shares in Pacific Orchid Investments Limited; and
- (g) a loan agreement dated 11 October 2009 entered into between Join Capital Limited and Sunnysino (B.V.I.) Limited in relation to the granting of the secured term loan.

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. 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) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

9. 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 6 November 2009:–

- (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 2007 and 31 December 2008 and the interim report of the Company for the six months’ period ended 30 June 2009;
- (d) the circulars of the Company dated 27 February 2009, 30 March 2009, 28 July 2009 and 16 October 2009; and
- (e) this circular.