



**COL Capital Limited**

(Incorporated in Bermuda with limited liability)  
Stock Code: 383

**Interim Report 2009**

## UNAUDITED RESULTS OF THE GROUP

The Board of Directors (the "Directors") of COL Capital Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 together with the comparative figures for the corresponding period in 2008 as follows. The consolidated interim financial statements have not been audited, but have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and by the Company's Audit Committee.

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(FOR THE SIX MONTHS ENDED 30 JUNE 2009)

		<b>Six months ended</b>	
	<i>Notes</i>	<b>30.6.2009</b>	30.6.2008
		<b>HK\$'000</b>	HK\$'000
		<b>(unaudited)</b>	(unaudited)
Revenue (excluding securities trading)	3	<b>18,474</b>	13,939
Gross proceeds from sales of investments held for trading	3	<b>504,836</b>	169,423
<b>Total</b>		<b>523,310</b>	183,362
Rental income		<b>1,805</b>	2,056
Dividend income from listed investments		<b>9,385</b>	4,192
Interest income from loan receivables		<b>7,284</b>	7,691
Net gain (loss) on investments	4	<b>634,584</b>	(1,504,066)
Other income		<b>17,470</b>	5,375
Fair value changes on investment property		<b>4,900</b>	–
Administrative expenses		<b>(12,747)</b>	(9,187)
Finance costs	5	<b>(24,876)</b>	(25,265)
Gain on disposal of an associate		<b>10,756</b>	–
Share of losses of associates		<b>(1,848)</b>	(6,243)
Profit (loss) before taxation		<b>646,713</b>	(1,525,447)
Taxation	6	<b>(124)</b>	(1,413)
<b>Profit (loss) for the period</b>	7	<b>646,589</b>	(1,526,860)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

*(FOR THE SIX MONTHS ENDED 30 JUNE 2009)*

	<b>Six months ended</b>	
	<b>30.6.2009</b>	30.6.2008
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Other comprehensive income and expense		
Fair value gain (loss) on available-for-sale investments:		
Gain (loss) arising during the period	<b>102,971</b>	(292,814)
Reclassification adjustment upon disposal of available-for-sale investments	<b>(119,344)</b>	(2,104)
	<b>(16,373)</b>	(294,918)
Exchange difference arising on translation:		
Share of translation reserve of associates	–	9,353
Exchange gain arising during the period	<b>357</b>	3,712
Reclassification adjustment upon disposal of an associate	<b>(9,406)</b>	–
	<b>(9,049)</b>	13,065
Other comprehensive income and expense for the period	<b>(25,422)</b>	(281,853)
Total comprehensive income and expenses for the period	<b>621,167</b>	(1,808,713)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

(FOR THE SIX MONTHS ENDED 30 JUNE 2009)

	Notes	Six months ended	
		30.6.2009 HK\$'000 (unaudited)	30.6.2008 HK\$'000 (unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		<b>646,589</b>	(1,528,615)
Minority interest		–	1,755
		<b>646,589</b>	<b>(1,526,860)</b>
Total comprehensive income and expenses attributable to:			
Owners of the Company		<b>621,167</b>	(1,810,468)
Minority interests		–	1,755
		<b>621,167</b>	<b>(1,808,713)</b>
Earnings (loss) per share	9		
– Basic		<b>HK\$1.33</b>	(HK\$5.34)
– Diluted		<b>HK\$0.83</b>	–

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(AT 30 JUNE 2009)

	<i>Notes</i>	<b>30.6.2009</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2008 HK\$'000 (audited)
Non-current assets			
Investment properties	10	<b>86,705</b>	103,105
Property, plant and equipment	10	<b>2,896</b>	3,036
Prepaid lease payments		<b>54</b>	54
Interest in associates	11	–	138,501
Available-for-sale investments		<b>288,211</b>	356,835
		<b>377,866</b>	601,531
Current assets			
Available-for-sale investments		<b>6,522</b>	124,055
Investments held for trading		<b>1,241,068</b>	818,971
Debtors, deposits and prepayments	12	<b>150,845</b>	36,648
Loan receivables		<b>141,475</b>	164,875
Taxation recoverable		<b>4,050</b>	4,050
Pledged bank deposits		<b>10,531</b>	1,167
Bank balances and cash		<b>94,532</b>	66,279
		<b>1,649,023</b>	1,216,045
Current liabilities			
Creditors and accrued charges	13	<b>24,435</b>	70,011
Customers' deposits and receipts in advance		<b>36,129</b>	34,647
Other borrowings	14	<b>80,233</b>	854,682
Derivative financial instruments		–	9,453
Taxation payable		<b>68,442</b>	68,442
		<b>209,239</b>	1,037,235
Net current assets		<b>1,439,784</b>	178,810
Total assets less current liabilities		<b>1,817,650</b>	780,341

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(AT 30 JUNE 2009)

	<i>Notes</i>	<b>30.6.2009</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2008 HK\$'000 (audited)
Non-current liabilities			
Convertible bonds	15	<u>278,867</u>	<u>–</u>
Net assets		<u><b>1,538,783</b></u>	<u>780,341</u>
Capital and reserves			
Share capital	16	<b>5,513</b>	2,756
Reserves		<u><b>1,533,270</b></u>	<u>777,585</u>
Equity attributable to owners of the Company		<b>1,538,783</b>	780,341
Minority interest		<u>–</u>	<u>–</u>
Total equity		<u><b>1,538,783</b></u>	<u>780,341</u>



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (FOR THE SIX MONTHS ENDED 30 JUNE 2009)

	Share capital HK\$'000	Share premium HK\$'000	Buildings revaluation reserve HK\$'000	Investments revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Attributable to owners of the Company HK\$'000	Minority interests HK\$'000	Total HK\$'000	
At 1 January 2008 (audited)	2,762	592,751	5,036	720,879	2,178	9,036	2,767,805	4,100,447	3,872	4,104,319	
Fair value loss on available-for-sale investments	-	-	-	(292,814)	-	-	-	(292,814)	-	(292,814)	
Share of translation reserve of associates	-	-	-	-	-	9,353	-	9,353	-	9,353	
Exchange differences arising on translation	-	-	-	-	-	3,712	-	3,712	-	3,712	
Reclassification adjustment upon disposal of available-for-sale investments	-	-	-	(2,104)	-	-	-	(2,104)	-	(2,104)	
(Loss) profit for the period	-	-	-	-	-	-	(1,528,615)	(1,528,615)	1,755	(1,526,860)	
Total comprehensive income and expense for the period	-	-	-	(294,918)	-	13,065	(1,528,615)	(1,810,468)	1,755	(1,808,713)	
Repurchase of shares	(2)	(981)	-	-	2	-	-	(981)	-	(981)	
Dividends recognised as distribution	-	-	-	-	-	-	(11,047)	(11,047)	-	(11,047)	
At 30 June 2008 (unaudited)	2,760	591,770	5,036	425,961	2,180	22,101	1,228,143	2,277,951	5,627	2,283,578	
	Share capital HK\$'000	Share premium HK\$'000	Convertible bonds equity reserve HK\$'000	Buildings revaluation reserve HK\$'000	Investments revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Translation reserve HK\$'000	(Accumulated losses) retained profits HK\$'000	Attributable to owners of the Company HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2009 (audited)	2,756	591,439	-	7,200	203,973	2,184	15,848	(43,059)	780,341	-	780,341
Fair value gain on available-for-sale investments	-	-	-	-	102,971	-	-	-	102,971	-	102,971
Exchange differences arising on translation	-	-	-	-	-	-	357	-	357	-	357
Reclassification adjustment upon disposal of associate	-	-	-	-	-	-	(9,406)	-	(9,406)	-	(9,406)
Reclassification adjustment upon disposal of available-for-sale investments	-	-	-	-	(119,344)	-	-	-	(119,344)	-	(119,344)
Profit for the period	-	-	-	-	-	-	-	646,589	646,589	-	646,589
Total comprehensive income and expense for the period	-	-	-	-	(16,373)	-	(9,049)	646,589	621,167	-	621,167
Issue of new shares upon exercise of warrants	-	145	-	-	-	-	-	-	145	-	145
Issue of new shares upon rights issue	2,757	107,504	-	-	-	-	-	-	110,261	-	110,261
Recognition of equity component of convertible bonds	-	-	28,242	-	-	-	-	-	28,242	-	28,242
Transaction costs attributable to issue of shares	-	(1,373)	-	-	-	-	-	-	(1,373)	-	(1,373)
At 30 June 2009 (unaudited)	5,513	697,715	28,242	7,200	187,600	2,184	6,799	603,530	1,538,783	-	1,538,783

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(FOR THE SIX MONTHS ENDED 30 JUNE 2009)

	<b>Six months ended</b>	
	<b>30.6.2009</b>	30.6.2008
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(46,391)</b>	(139,416)
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of available-for-sale investments	<b>301,225</b>	9,864
Proceeds from disposal of an investment property	<b>21,300</b>	–
Proceeds from disposal of an associate	<b>138,003</b>	–
Dividends received	<b>9,385</b>	4,192
Purchases of available-for-sale investments	<b>(12,097)</b>	(31,199)
Proceeds from redemption of loan notes	–	52,401
(Increase) decrease in pledged bank deposits	<b>(9,364)</b>	1,873
Other investing activities	<b>251</b>	(779)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>448,703</b>	36,352
<b>FINANCING ACTIVITIES</b>		
New other borrowings raised	<b>5,422</b>	1,153,111
Repayments of other borrowings	<b>(779,871)</b>	(1,071,833)
Convertible bonds transaction costs	<b>(9,000)</b>	–
Issue of convertible bonds	<b>300,000</b>	–
Repurchase of shares	–	(981)
Proceeds from issue of shares	<b>110,406</b>	–
Expenses on issue of shares	<b>(1,373)</b>	–
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<b>(374,416)</b>	80,297



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(FOR THE SIX MONTHS ENDED 30 JUNE 2009)

	Six months ended	
	30.6.2009	30.6.2008
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>27,896</b>	(22,767)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>66,279</b>	67,824
<b>EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE</b>	<b>357</b>	3,712
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>94,532</b>	48,769

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2009.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate

## 2. PRINCIPAL ACCOUNTING POLICIES (*Continued*)

HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation

Except as described below, the same accounting policies and presentation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2008.

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3). The adoption of these new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### **Convertible bonds contain liability and equity components, and early redemption option**

Convertible bonds issued by the Group that contain the liability (together with the early redemption option which is closely related to the host liability component) and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair values assigned to the liability component, representing the conversion option for the holder to convert the convertible bonds into equity, is included in equity (convertible bonds equity reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the conversion option is exercised (in which case the balance stated in convertible bonds equity reserve will be transferred to share premium). Where the conversion option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to the retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.



## 2. PRINCIPAL ACCOUNTING POLICIES (*Continued*)

### **Convertible bonds contain liability and equity components, and early redemption option (*Continued*)**

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

### **Embedded derivatives**

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with change in fair value recognised in profit or loss.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2009 <sup>2</sup>
HKAS 27 (Revised 2008)	Consolidated and separate financial statements <sup>3</sup>
HKAS 39 (Amendment)	Eligible hedged items <sup>3</sup>
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters <sup>4</sup>
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions <sup>4</sup>
HKFRS 3 (Revised 2008)	Business combinations <sup>3</sup>
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners <sup>3</sup>
HK(IFRIC) – INT 18	Transfers of assets from customers <sup>5</sup>

<sup>1</sup> Amendments to HKFRS 5 as part of Improvement to HKFRSs issued in 2008, effective for annual periods beginning on or after 1 July 2009.

<sup>2</sup> Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2009.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2010.

<sup>5</sup> Effective for transfers on or after 1 July 2009.

The Directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.



### 3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 “Operating Segments” with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, represented by the board of directors of the Company, in order to allocate resources to the segment and to assess its performance. The adoption of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the reportable segments determined in accordance with HKAS 14 but the measure of segment profit or loss had been changed.

As a result, following the adoption of HKFRS 8, the identification of the Group’s reportable segments remains unchanged as follows:

Securities trading and investments – trading of securities in Hong Kong and oversea markets.

Financial services – provision of financial services.

Property investment – leasing of residential properties and office spaces.

### 3. SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2009

	Securities trading and investments HK\$'000	Financial services HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
Gross proceeds from sales of investments held for trading	504,836	-	-	504,836
Revenue	9,385	7,284	1,805	18,474
Segment profits	658,241	6,641	5,746	670,628
Other income				2,430
Central corporate expenses				(19,143)
Share of losses of associates				(1,848)
Gain on disposal of an associate				10,756
Finance costs				(16,110)
Profit before taxation				646,713



### 3. SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2008

	Securities trading and investments HK\$'000	Financial services HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
Gross proceeds from sales of investments held for trading	169,423	–	–	169,423
Revenue	4,192	7,691	2,056	13,939
Segment (losses) profits	(1,525,299)	7,392	1,489	(1,516,418)
Other income				4,940
Central corporate expenses				(7,726)
Share of losses of associates				(6,243)
Loss before taxation				(1,525,447)

All of the segment revenue reported above is from external customers.

Segment profits or losses represents the profit or loss earned by each segment without allocation of bank interest income, net foreign exchange gain, central corporate expenses, share of losses of associates, gain on disposal of an associate and effective interest expense on convertible bonds. This is the measure reported to the Company's Executive Directors for the purpose of resource allocation and assessment of segment performance.

### 3. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's assets by operating segments:

	<b>30.6.2009</b>	31.12.2008
	<b>HK\$'000</b>	HK\$'000
Securities trading and investments	<b>1,691,701</b>	1,334,624
Financial services	<b>147,682</b>	164,983
Property investment	<b>86,885</b>	105,792
	<b><u>1,926,268</u></b>	<u>1,605,399</u>

### 4. NET GAIN (LOSS) ON INVESTMENTS

	<b>Six months ended</b>	
	<b>30.6.2009</b>	30.6.2008
	<b>HK\$'000</b>	HK\$'000
Change in fair value of investments held for trading <i>(Note a)</i>	<b>509,162</b>	(1,485,787)
Change in fair value of derivative financial instruments <i>(Note b)</i>	<b>6,078</b>	(20,383)
Net realised gain on disposal of available-for-sale investments	<b>119,344</b>	2,104
	<b><u>634,584</u></b>	<u>(1,504,066)</u>

#### 4. NET GAIN (LOSS) ON INVESTMENTS (*Continued*)

*Notes:*

- (a) Included in change in fair value of investments held for trading, approximately HK\$126,177,000 (2008: loss of HK\$3,939,000) represented net realised gain on disposal of investments held for trading.
- (b) Included in change in fair value of derivative financial instruments, approximately HK\$6,078,000 (2008: HK\$425,000) represented net realised gain on derivative financial instruments.

#### 5. FINANCE COSTS

The finance costs represent effective interest on convertible bonds and interest on other borrowings wholly repayable within five years.

#### 6. TAXATION

	<b>Six months ended</b>	
	<b>30.6.2009</b>	30.6.2008
	<b>HK\$'000</b>	HK\$'000
The current tax comprises:		
Hong Kong Profits Tax	–	1,295
Enterprise income tax in the People's Republic of China ("PRC")	<b>124</b>	118
	<b>124</b>	1,413

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both periods.

Enterprise income tax in the PRC is calculated at 25% of estimated assessable profit for both periods.

## 7. PROFIT (LOSS) FOR THE PERIOD

	<b>Six months ended</b>	
	<b>30.6.2009</b>	30.6.2008
	<b>HK\$'000</b>	HK\$'000
Profit (loss) for the period has been arrived at after charging (crediting):		
Staff costs including directors' emoluments	<b>3,384</b>	3,644
Depreciation and amortisation	<b>162</b>	149
Interest income	<b>(273)</b>	(1,039)
Net foreign exchange gain	<b>(1,623)</b>	(3,901)
	<b><u>          </u></b>	<b><u>          </u></b>

## 8. DIVIDENDS

	<b>Six months ended</b>	
	<b>30.6.2009</b>	30.6.2008
	<b>HK\$'000</b>	HK\$'000
Dividend recognised as distribution – Nil (2008: HK\$0.04) per share	<b>–</b>	11,047
	<b><u>          </u></b>	<b><u>          </u></b>
Interim dividend, proposed – Nil (2008: Nil) per share	<b>–</b>	–
	<b><u>          </u></b>	<b><u>          </u></b>

## 9. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	<b>Six months ended</b>	
	<b>30.6.2009</b>	<b>30.6.2008</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Earnings (loss) for the purpose of basic earnings (loss) per share attributable to the owners of the Company	<b>646,589</b>	<u>(1,528,615)</u>
Effect of dilutive potential ordinary shares – interest on convertible bonds	<u>16,110</u>	
Earnings for the purpose of diluted earnings per share	<u>662,699</u>	
	<b>Number of shares</b>	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	<b>485,818,576</b>	<u>286,110,383</u>
Effect of dilutive potential ordinary shares – convertible bonds	<u>309,392,265</u>	
Weighted average number of shares for the purpose of diluted earnings per share	<u>795,210,841</u>	

## 9. EARNINGS (LOSS) PER SHARE *(Continued)*

As the exercise price of the Company's outstanding warrants was higher than the average market price of shares during the period, the dilutive effect arisen from warrants is not presented.

Pursuant to the completion of rights issue on 11 February 2009, the weighted average number of ordinary shares for the purpose of earnings (loss) per share has been adjusted for both periods.

## 10. MOVEMENTS IN INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT

The Group's investment properties and buildings were fair valued by the directors.

During the period, the Group disposed an investment property with a carrying amount of HK\$16,400,000 for a consideration of HK\$21,300,000, while no material addition in investment properties and property, plant and equipment noted during the six months ended 30 June 2009.

At 30 June 2009, the directors considered that the carrying amounts of the investment properties and buildings included in property, plant and equipment carried at revalued amounts did not differ significantly from that which would be determined using fair values at the reporting date.

## 11. INTERESTS IN ASSOCIATES

On 6 March 2009, the Group disposed of 197,858,680 shares in Shanghai Allied Cement Limited ("SAC"), an associate of the Group at a price of HK\$0.70 per share to an independent third party by crossing on market for proceeds of approximately HK\$138,003,000. A gain on disposal of HK\$10,756,000 was recognised in profit or loss.

## 12. DEBTORS, DEPOSITS AND PREPAYMENTS

	<b>30.6.2009</b>	31.12.2008
	<b>HK\$'000</b>	HK\$'000
Debtors from securities trading	<b>3,090</b>	1,096
Other debtors, deposits and prepayments	<b>11,854</b>	15,939
Balance with brokerage companies	<u><b>135,901</b></u>	<u>19,613</u>
	<u><b>150,845</b></u>	<u>36,648</u>

The settlement terms of debtors from securities trading are 2-3 days after trade date.

## 13. CREDITORS AND ACCRUED CHARGES

	<b>30.6.2009</b>	31.12.2008
	<b>HK\$'000</b>	HK\$'000
Creditors from securities trading	<b>1,865</b>	2,263
Other creditors and accrued charges	<u><b>22,570</b></u>	<u>67,748</u>
	<u><b>24,435</b></u>	<u>70,011</u>

The settlement terms of creditors from securities trading are 2-3 days after trade date.

## 14. OTHER BORROWINGS

Other borrowings represent securities margin financing received from stock broking, futures and options broking houses as well as both secured and unsecured term loans.

The securities margin loans are secured by the Group's marketable securities, repayable on demand and bear interest at prevailing market rates.

The unsecured term loan which bore variable interest rate was fully settled in July 2009.

The secured term loan which bore fixed interest rate was fully settled in April 2009.

## 15. CONVERTIBLE BONDS

Pursuant to a placing agreement entered into between the Company and Sun Hung Kai International Limited dated 23 November 2008, the Company issued convertible bonds amounting to HK\$300,000,000 on 11 February 2009 with maturity of three years. The convertible bonds are denominated in HK\$. The convertible bonds entitle the holders to convert them into shares of the Company at any time within 3 years from the date of issue of the convertible bonds, at the conversion price per share of HK\$0.75 and at an interest rate of 9% per annum. If the convertible bonds have not been converted, they will be redeemed on 10 February 2012 at par. The Company is allowed to redeem the convertibles bonds since the date of issue to the maturity date, at any time redeem at the price of the 100% of the principal amount of the bond to be redeemed as specified in the redemption notice, together with all interest accrued thereon up to and including the date on which payment of such principal amount of the redeemed bond and the interest accrued thereon shall have been paid by the Company in full.



## 16. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 December 2008 and 30 June 2009	<b>30,000,000,000</b>	300,000
Issued and fully paid:		
At 1 January 2008	<b>276,183,547</b>	2,762
Repurchase of shares	<b>(578,000)</b>	(6)
Issue of shares due to exercise of warrants	<b>16,947</b>	–
At 31 December 2008	<b>275,622,494</b>	2,756
Issue of shares due to rights issue	<b>275,649,760</b>	2,757
Issue of shares due to exercise of warrants	<b>46,730</b>	–
At 30 June 2009	<b>551,318,984</b>	5,513

During the period, the Company allotted and issued 275,649,760 shares by way of a rights issue at a subscription price of HK\$0.40 per share to the qualifying shareholders, on the basis of one rights share for every existing share then held. These new shares rank pari passu with the then existing shares in issue in all respects.

## 17. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group were pledged to securities houses to secure short term credit facilities granted to the Group:

	<b>30.6.2009</b>	31.12.2008
	<b>HK\$'000</b>	HK\$'000
Investments held for trading	<b>1,116,824</b>	773,077
Available-for-sale investments	<b>158,635</b>	108,323
Pledged bank deposits	<b>10,531</b>	1,167
	<b><u>1,285,990</u></b>	<u>882,567</u>

## 18. RELATED PARTY TRANSACTIONS

The remuneration of directors and other members of key management of the Group during the period was as follows:

	<b>Six months ended</b>	
	<b>30.6.2009</b>	30.6.2008
	<b>HK\$'000</b>	HK\$'000
Salaries and other short-term employee benefits	<b>2,565</b>	2,262
Retirement benefit costs	<b>79</b>	30
	<b><u>2,644</u></b>	<u>2,292</u>



## 19. POST BALANCE SHEET EVENTS

1. On 2 September 2009, the Group early redeemed HK\$60,000,000 convertible bonds at par as specified in the redemption notice.
2. On 4 September 2009, the Group entered into a sale and purchase agreement to acquire the entire issued share capital of Pacific Orchid Investment Limited ("Pacific Orchid") 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.

Save for the entering into of the loan agreement between Join Capital Limited ("Join Capital"), a wholly-owned subsidiary of the Company, as lender and Mulpha Strategic Limited ("Mulpha Strategic"), a shareholder of Pacific Orchid, as borrower in relation to the revolving secured term loan of HK\$250,000,000 granted by Join Capital to Mulpha Strategic as disclosed in the announcement and the circular of the Company dated 7 July 2009 and 28 July 2009 respectively, the Company did not have any prior transactions or relationship with Mulpha Strategic.

## DIVIDENDS

The Directors do not recommend the payment of interim dividend for the period ended 30 June 2009 (2008: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL RESULTS

For the six months ended 30 June 2009, the Group recorded an increase in turnover of 185.4% to HK\$523,310,000 (30 June 2008: HK\$183,362,000) and achieved a net profit attributable to shareholders of HK\$646,589,000 compared to a net loss of HK\$1,528,615,000 for a similar period in 2008. Earnings per share of the Company was HK\$1.33 (30 June 2008: loss per share of HK\$5.34).

As at 30 June 2009, the Group's net asset value per share was HK\$2.79 (30 June 2008: HK\$8.25).

### REVIEW OF OPERATIONS

The turmoil in the global economic and financial environment continued into the first quarter of 2009. The Group took positive action to reduce its gearing, strengthen its capital base and reorganize its capital structure with long term funding in order to meet the uncertain investment environment. Aside from the various on-market disposals of some of its investment portfolio, the Group completed both its rights issue and placement of unsecured three-year convertible bonds in February 2009, raising a total of approximately HK\$410 million and reducing its gearing from 100.9% at the end of December 2008 to 16.5% as at 30 June 2009.



The investment environment saw a vast improvement in the second quarter of 2009 as the positive impact of the massive fiscal stimulus and bailout packages implemented globally, together with the aggressive monetary measures adopted, began to have its desired effect. The Group, with its strengthened financial situation, was able to take advantage of the more conducive investment environment to substantially increase its business and investment activities and achieve better results.

For the first half of 2009, the Group's business in trading and investment in financial securities recorded a higher turnover of HK\$514,221,000 (30 June 2008: HK\$173,615,000) and achieved a profit of HK\$658,241,000 (30 June 2008: loss of HK\$1,525,299,000) mainly due to the net gain on investments of HK\$634,584,000 (30 June 2008: loss of HK\$1,504,066,000) which included realized gains from the on-market disposal of 38 million shares of Sun Hung Kai & Co. Limited and 20.7 million shares of Tianjin Printronics Circuit Corporation. As at 30 June 2009, the Group maintained a long-term portfolio of available-for-sale investments of HK\$288,211,000 (30 June 2008: HK\$588,245,000) and a trading portfolio of HK\$1,241,068,000 (30 June 2008: HK\$2,241,189,000).

The Group's money lending business recorded a turnover of mainly interest income of HK\$7,284,000 (30 June 2008: HK\$7,691,000) and a profit of HK\$6,641,000 (30 June 2008: HK\$7,392,000) during the period under review. As at 30 June 2009, the Group's loan portfolio amounted to HK\$141,475,000 (30 June 2008: HK\$164,877,000).

The Group's investment properties located in Hong Kong and China achieved a rental income of HK\$1,805,000 (30 June 2008: HK\$2,056,000) and a profit of HK\$5,746,000 (30 June 2008: HK\$1,489,000) which included a gain of HK\$4,900,000 (30 June 2008: Nil) on the disposal of an investment property. As at 30 June 2009, the Group's investment properties portfolio amounted to HK\$86,705,000 (30 June 2008: HK\$113,299,000).

## PRINCIPAL ASSOCIATED COMPANIES

The share of losses of associates of the Group for the six months ended 30 June 2009 was HK\$1,848,000 (30 June 2008: HK\$6,243,000).

In March 2009, the Group disposed of 197,858,680 shares of Shanghai Allied Cement Limited, a former associate of the Group, at a price of HK\$0.70 per share to an independent third party for a total consideration of approximately HK\$138 million, recording a gain on disposal of HK\$10,756,000. Proceeds from this disposal have been used to reduce the short term borrowings of the Group.

## FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE AND EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES

As at 30 June 2009, the Group's non-current assets of HK\$377,866,000 (30 June 2008: HK\$1,076,004,000) consisted of investment properties of HK\$86,705,000 (30 June 2008: HK\$113,299,000); property, plant and equipment of HK\$2,896,000 (30 June 2008: HK\$2,998,000); prepaid lease payments of HK\$54,000 (30 June 2008: HK\$55,000) and long term investments of HK\$288,211,000 (30 June 2008: HK\$588,245,000). These non-current assets are principally financed by shareholders' fund. As at 30 June 2009, the Group had net current assets of HK\$1,439,784,000 (30 June 2008: HK\$1,207,574,000) and current ratio of 7.9 times (30 June 2008: 1.9 times), calculated on the basis of the Group's current assets over current liabilities.



During the first quarter of 2009, the Group conducted a rights issue of 275,649,760 rights shares at HK\$0.40 each on the basis of one rights share for every share held and the placing of HK\$300 million 9% unsecured three-year convertible bonds with conversion price of HK\$0.75 per share to raise a total of approximately HK\$410 million, both of which were completed in February 2009.

Subsequent to 30 June 2009, the Group partially redeemed 20% of the outstanding principal of the convertible bonds. In view of the prevailing market price of the shares of the Company and the higher interest cost of the convertible bonds, the Group felt that such a partial redemption is in its best interest and that of its shareholders.

As at 30 June 2009, the total borrowings of the Group amounted to HK\$359,100,000 (30 June 2008: HK\$1,000,116,000) including current liabilities of other borrowings of HK\$80,233,000 (30 June 2008: HK\$1,000,116,000) and non-current liabilities of the unsecured convertible bonds of HK\$278,867,000 (30 June 2008: Nil). The Group's other borrowings are arranged on a short term basis in Hong Kong Dollars, repayable within one year and secured on certain investments held for trading, available-for-sale investments and pledged bank balances. As at 30 June 2009, the Group's gearing ratio was 16.5% compared to 41.4% in June 2008, calculated on the basis of the Group's net borrowings (after pledged bank deposits, and balances and cash) over shareholders' fund.

During the first half of 2009, the issued share capital of the Company increased from HK\$2,756,225 to HK\$5,513,189 as a result of the rights issue of 275,649,760 additional shares and the issue of 46,730 new shares following the exercise of warrants.

During the period under review, the Group's assets, liabilities and transactions were mainly denominated in Hong Kong Dollar, Australian Dollar, RMB, Taiwan Dollar and Malaysian Ringgit. Because of its short term nature, the Group did not actively hedge risks arising from the Australian Dollar, RMB and Malaysian Ringgit denominated assets and transactions. The exchange rate of the Taiwan Dollar was relatively stable during the period. The Group was not materially affected by its exposure to these currencies.

### **CHARGE ON GROUP ASSETS**

As at 30 June 2009, the Group's investment held for trading of HK\$1,116,824,000 (31 December 2008: HK\$773,077,000), available-for-sale investments of HK\$158,635,000 (31 December 2008: HK\$108,323,000) and bank balances of HK\$10,531,000 (31 December 2008: HK\$1,167,000) were pledged to banks and securities brokers house to secure short term credit facilities granted to the Group.

### **EMPLOYEES**

The Group had 15 employees as at 30 June 2009 (2008: 15). The Group ensures that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

### **PROSPECTS**

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.





On 4 September 2009, the Group entered into a sale and purchase agreement to acquire the entire issued share capital of Pacific Orchid Investment 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.

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.

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at 30 June 2009, the interests and short positions of the directors and chief executives of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Hong Kong (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:–

### Long Position in the shares of the Company

Name of Director	Number of Shares and underlying Shares held			Total	Percentage over all issued Shares
	Personal interests	Corporate interests	Other interests		
Ms. Chong Sok Un	–	343,643,254	–	343,643,254	62.33%
		<i>(Note 1)</i>			

*Note:*

- Vigor Online Offshore Limited ("Vigor"), a wholly-owned subsidiary of China Spirit Limited ("China Spirit"), owns (i) 322,346,374 Shares; and (ii) 21,296,880 units of Warrants giving rise to an interest in 21,296,880 underlying shares of the Company. Ms. Chong maintains 100% beneficial interests in China Spirit. Accordingly, Ms. Chong is deemed to have corporate interest in 343,643,254 ordinary shares of the Company.

Save as disclosed above, as at 30 June 2009, none of the directors, the chief executives of the Company nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares, underlying shares or debentures of the Company or any other body corporate.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June, 2009, the following parties had interests or short positions in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO:—

### 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> )	343,643,254	62.33%
China Spirit Limited ("China Spirit")	Held by controlled corporation ( <i>Note 1</i> )	343,643,254	62.33%
Vigor Online Offshore Limited ("Vigor")	Beneficial owner ( <i>Note 1</i> )	343,643,254	62.33%
Ma Hongyi ("Mr. Ma")	Beneficial owner ( <i>Note 2</i> )	266,666,666	48.37%

Name	Capacity	Number of Shares or underlying shares held	Percentage of issued Shares
Lee and Lee Trust	Held by controlled corporation <i>(Note 3)</i>	333,333,332	60.46%
Allied Group Limited ("Allied Group")	Held by controlled corporation <i>(Note 4)</i>	333,333,332	60.46%
Allied Properties (H.K.) Limited ("Allied Properties")	Held by controlled corporation <i>(Note 5)</i>	333,333,332	60.46%
AP Jade Limited ("AP Jade")	Held by controlled corporation <i>(Note 5)</i>	333,333,332	60.46%
AP Emerald Limited ("AP Emerald")	Held by controlled corporation <i>(Note 5)</i>	333,333,332	60.46%
Sun Hung Kai & Co. Limited ("SHK & Co.")	Held by controlled corporation <i>(Note 6)</i>	333,333,332	60.46%
Sun Hung Kai Securities Limited ("SHK Securities")	Held by controlled corporation <i>(Note 7)</i>	333,333,332	60.46%
Sun Hung Kai Structured Finance Limited ("SHK Structured Finance")	Held as security interest and beneficial owner <i>(Note 8)</i>	333,333,332	60.46%

*Notes:*

1. Vigor , a wholly-owned subsidiary of China Spirit, owns (i) 322,346,374 Shares; and (ii) 21,296,880 units of Warrants giving rise to an interest in 21,296,880 underlying shares of the Company. Ms. Chong maintains 100% beneficial interests in China Spirit. Accordingly, Ms. Chong is deemed to have corporate interest in 343,643,254 ordinary shares of the Company.
2. Mr. Ma has beneficial interest in HK\$200,000,000 convertible bonds of the Company convertible into 266,666,666 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 44.52% 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 73.93% 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 63.45% 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\$250,000,000 convertible bonds of the Company convertible into 333,333,332 Shares through its 100% interest in SHK Securities.
7. SHK Securities is deemed to have interest in HK\$250,000,000 convertible bonds of the Company convertible into 333,333,332 Shares through its 100% interest in SHK Structured Finance.
8. SHK Structured Finance owns HK\$250,000,000 convertible bonds of the Company convertible into an aggregate of 333,333,332 Shares in which (i) HK\$200,000,000 convertible bonds convertible into 266,666,666 Shares are held as security interest; and (ii) HK\$50,000,000 convertible bonds convertible to 66,666,666 Shares are held as beneficial interest.

## **CORPORATION GOVERNANCE AND OTHER INFORMATION**

### **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2009.

### **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct regarding Director's securities transactions. Having made specific enquiry with all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the six months ended 30 June 2009.

### **CHANGES IN DIRECTORS' INFORMATION**

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information on Directors are as follows:

1. Dato' Wong Peng Chong, an Executive Director of the Company, has been appointed as a Director of Mabuhay Holdings Corporation, a company listed in The Philippine Stock Exchange, Inc., with effect from 23 June 2009; and
2. Mr. Lau Siu Ki, an Independent Non-Executive Director of the Company, is also an Independent Non-Executive Director of Wah Sang Gas Holdings Limited ("Wah Sang"), a company listed in the GEM Board of the Stock Exchange of Hong Kong Limited. Wah Sang has changed its name to Binhai Investment Company Limited with effect from 12 May 2009.



## **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

By Order of the Board  
**COL Capital Limited**  
**Chong Sok Un**  
*Chairman*

Hong Kong, 14 September 2009

*As at the date of this report, the Board comprises Ms. Chong Sok Un (Chairman), Dato' Wong Peng Chong and Mr. Kong Muk Yin as Executive Directors; and Mr. Lo Wai On, Mr. Lau Siu Ki and Mr. Zhang Jian as Independent Non-Executive Directors.*