



**COL Capital Limited**

(Incorporated in Bermuda with limited liability)

Stock Code: 383

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◊ **Interim Report 2010**

## 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 2010 together with the comparative figures for the corresponding period in 2009 as follows. The interim financial information has 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 INCOME STATEMENT

(FOR THE SIX MONTHS ENDED 30 JUNE 2010)

		<b>Six months ended</b>	
		<b>30.6.2010</b>	30.6.2009
	<i>Notes</i>	<b>HK\$’000</b>	HK\$’000
		<b>(unaudited)</b>	(unaudited)
Revenue (excluding securities trading)	3	<b>41,611</b>	18,474
Gross proceeds from sales of investments held for trading	3	<b>433,691</b>	504,836
<b>Total</b>		<b>475,302</b>	523,310
Rental income		<b>1,429</b>	1,805
Dividend income from listed investments		<b>3,635</b>	9,385
Interest income from loans receivable		<b>36,547</b>	7,284
Other gains and losses	4	<b>(13,609)</b>	666,842
Other income		<b>4,954</b>	868
Administrative expenses		<b>(12,153)</b>	(12,747)
Finance costs	5	<b>(30,641)</b>	(24,876)
Share of losses of associates		<b>(6,089)</b>	(1,848)

## CONDENSED CONSOLIDATED INCOME STATEMENT *(Continued)*

(FOR THE SIX MONTHS ENDED 30 JUNE 2010)

	Notes	Six months ended	
		30.6.2010 HK\$'000 (unaudited)	30.6.2009 HK\$'000 (unaudited)
(Loss) profit before taxation		<b>(15,927)</b>	646,713
Taxation	6	<b>(122)</b>	(124)
(Loss) profit for the period	7	<b>(16,049)</b>	646,589
(Loss) profit for the period attributable to:			
Owners of the Company		<b>(16,197)</b>	646,589
Non-controlling interests		<b>148</b>	-
		<b>(16,049)</b>	646,589
(Loss) earnings per share	8		
– Basic		<b>(2.9) HK cents</b>	133.1 HK cents
– Diluted		<b>(2.9) HK cents</b>	83.3 HK cents

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(FOR THE SIX MONTHS ENDED 30 JUNE 2010)

	<b>Six months ended</b>	
	<b>30.6.2010</b>	30.6.2009
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
(Loss) profit for the period	<b>(16,049)</b>	646,589
Fair value change on available-for-sale investments:		
(Loss) gain arising during the period	<b>(17,759)</b>	102,971
Reclassification adjustment upon disposal of available-for-sale investments	<b>364</b>	(119,344)
	<b>(17,395)</b>	(16,373)
Exchange differences arising on translation:		
Exchange gain arising from translation of foreign operation during the period	<b>441</b>	357
Reclassification adjustment upon disposal of an associate	<b>–</b>	(9,406)
	<b>441</b>	(9,049)
Other comprehensive income and expense for the period	<b>(16,954)</b>	(25,422)
Total comprehensive income and expense for the period	<b>(33,003)</b>	621,167
Total comprehensive income and expense attributable to:		
Owners of the Company	<b>(33,151)</b>	621,167
Non-controlling interests	<b>148</b>	–
	<b>(33,003)</b>	621,167

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(AT 30 JUNE 2010)

	<i>Notes</i>	<b>30.6.2010</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2009 HK\$'000 (audited) (restated)
<b>Non-current assets</b>			
Investment properties	9	<b>100,375</b>	100,375
Property, plant and equipment	9	<b>3,282</b>	3,437
Interests in associates	10	<b>169,427</b>	5,368
Available-for-sale investments		<b>366,574</b>	385,742
Loan notes	11	<b>168,754</b>	–
		<b>808,412</b>	494,922
<b>Current assets</b>			
Available-for-sale investments		<b>4,704</b>	6,522
Investments held for trading		<b>2,095,837</b>	1,525,691
Debtors, deposits and prepayments	12	<b>69,754</b>	28,229
Amount due from an associate		<b>14,339</b>	30,845
Loans receivable	13	<b>363,349</b>	389,425
Taxation recoverable		<b>2,025</b>	2,025
Pledged bank deposits		<b>6,890</b>	9,151
Bank balances and cash		<b>97,261</b>	110,612
		<b>2,654,159</b>	2,102,500
<b>Current liabilities</b>			
Creditors and accrued charges	14	<b>33,798</b>	20,915
Customers' deposits and receipts in advance		<b>56,645</b>	36,737
Other borrowings	15	<b>899,172</b>	51,565
Derivative financial instruments	16	<b>15,040</b>	4,188
Taxation payable		<b>80,001</b>	80,014
		<b>1,084,656</b>	193,419
Net current assets		<b>1,569,503</b>	1,909,081
Total assets less current liabilities		<b>2,377,915</b>	2,404,003

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

(AT 30 JUNE 2010)

	<i>Notes</i>	<b>30.6.2010</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2009 HK\$'000 (audited) (restated)
Non-current liabilities			
Other borrowings	15	<b>150,000</b>	150,000
Convertible bonds		<b>225,011</b>	218,096
		<b>375,011</b>	368,096
Net assets		<b>2,002,904</b>	2,035,907
Capital and reserves			
Share capital	17	<b>5,567</b>	5,567
Reserves		<b>1,944,018</b>	1,977,169
Equity attributable to owners of the Company		<b>1,949,585</b>	1,982,736
Non-controlling interests		<b>53,319</b>	53,171
Total equity		<b>2,002,904</b>	2,035,907

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(FOR THE SIX MONTHS ENDED 30 JUNE 2010)

	Share capital HK\$'000	Share premium HK\$'000	Convertible bonds equity reserve HK\$'000	Properties revaluation reserve HK\$'000	Investments revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Translation reserve HK\$'000	(Accumulated losses) retained profits HK\$'000	Equity attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total equity 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
Other comprehensive income and expense for the period	-	-	-	-	(16,373)	-	(9,049)	-	(25,422)	-	(25,422)
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
At 1 January 2010 (audited)	5,567	701,783	28,242	7,610	248,114	2,184	6,894	982,342	1,982,736	53,171	2,035,907
Other comprehensive income and expense for the period	-	-	-	-	(17,395)	-	441	-	(16,954)	-	(16,954)
Loss for the period	-	-	-	-	-	-	-	(16,197)	(16,197)	148	(16,049)
Total comprehensive income and expense for the period	-	-	-	-	(17,395)	-	441	(16,197)	(33,151)	148	(33,003)
At 30 June 2010 (unaudited)	5,567	701,783	28,242	7,610	230,719	2,184	7,335	966,145	1,949,585	53,319	2,002,904

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(FOR THE SIX MONTHS ENDED 30 JUNE 2010)

		<b>Six months ended</b>	
	<i>Note</i>	<b>30.6.2010</b> <b>HK\$'000</b> <b>(unaudited)</b>	<b>30.6.2009</b> <b>HK\$'000</b> <b>(unaudited)</b>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>			
		<b>(532,446)</b>	(46,391)
<b>INVESTING ACTIVITIES</b>			
Proceeds from disposal of available-for-sale investments		<b>9,606</b>	301,225
Proceeds from disposal of an investment property		–	21,300
Proceeds from disposal of an associate		–	138,003
Acquisition of associates	<i>10</i>	<b>(170,148)</b>	–
Dividends received		<b>3,635</b>	9,385
Purchases of available-for-sale investments		<b>(6,015)</b>	(12,097)
Purchases of loan notes		<b>(168,754)</b>	–
Decrease (increase) in pledged bank deposits		<b>2,261</b>	(9,364)
Other investing activities		<b>462</b>	251
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>			
		<b>(328,953)</b>	448,703
<b>FINANCING ACTIVITIES</b>			
New other borrowings raised		<b>1,406,841</b>	5,422
Repayments of other borrowings		<b>(559,234)</b>	(779,871)
Expenses on issue of convertible bonds		–	(9,000)
Issue of convertible bonds		–	300,000
Proceeds from issue of shares		–	110,406
Transaction costs attributable to issue of shares		–	(1,373)
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>			
		<b>847,607</b>	(374,416)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(FOR THE SIX MONTHS ENDED 30 JUNE 2010)

	Six months ended	
	30.6.2010 HK\$'000 (unaudited)	30.6.2009 HK\$'000 (unaudited)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(13,792)	27,896
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	110,612	66,279
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE	441	357
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	97,261	94,532

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(FOR THE SIX MONTHS ENDED 30 JUNE 2010)

### 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 (“new and revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2010.

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

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

Except as described below, the same accounting policies 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 2009.

### **APPLICATION OF NEW AND REVISED HKFRS WITH NO IMPACT TO FINANCIAL STATEMENTS FOR CURRENT OR PRIOR PERIODS,**

#### ***HKFRS 3 (Revised) "Business Combinations" and HKAS 27 (Revised) "Consolidated and Separate Financial Statements"***

The Group has applied HKFRS 3 (Revised) "Business combinations" prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) "Consolidated and separate financial statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary have been also applied prospectively by the Group from 1 January 2010. In addition, the Group applied the consequential amendments to the other HKFRSs in the current interim period.

There was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable. Thus, application of HKFRS 3 (Revised) and HKAS 27 (Revised) had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods. Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable.

The Group has adopted the consequential amendments to HKAS 28 to its acquisition of two associates. The adoption of these amendments has no significant financial impact to the Group's results for the current and prior periods.

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

### APPLICATION OF NEW AND REVISED HKFRS WITH CHANGE IN ACCOUNTING POLICIES AND IMPACT TO FINANCIAL STATEMENTS

#### *Amendment to HKAS 17 “Leases”*

As part of Improvements to HKFRSs issued in 2009, HKAS 17 “Leases” has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendment has removed such a requirement. Instead, the amendment requires the classification of leasehold land to be based on the general principles set out in HKAS 17, that is whether or not substantially all risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions of HKAS 17 “Lease”, the Group reassessed the classification of land elements of unexpired leases at 1 January 2010 based on information which existed at the inception of these leases. Leasehold lands which met finance lease classification have been reclassified from prepaid lease payment to property, plant and equipment retrospectively. The application of this amendment has no significant financial impact to the Group’s profit for the current and prior periods.

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

### APPLICATION OF NEW AND REVISED HKFRS WITH CHANGE IN ACCOUNTING POLICIES AND IMPACT TO FINANCIAL STATEMENTS *(Continued)*

#### *Amendment to HKAS 17 "Leases" (Continued)*

The effect of changes in accounting policies described above on the financial position of the Group as at 1 January 2009 and 31 December 2009 is as follows:

	As at 01.01.2009 (originally stated) HK\$'000	Adjustments HK\$'000	As at 01.01.2009 (restated) HK\$'000	As at 31.12.2009 (originally stated) HK\$'000	Adjustments HK\$'000	As at 31.12.2009 (restated) HK\$'000
Property, plant and equipment	3,036	54	3,090	3,385	52	3,437
Prepaid lease payments	54	(54)	-	52	(52)	-
Total effects on net assets	3,090	-	3,090	3,437	-	3,437

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 2010 <sup>1</sup>
HKAS 24 (Revised)	Related party disclosures <sup>4</sup>
HKAS 32 (Amendment)	Classification of rights issues <sup>2</sup>
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters <sup>3</sup>
HKFRS 9	Financial instruments <sup>5</sup>

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

HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement <sup>4</sup>
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments <sup>3</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.*

<sup>2</sup> *Effective for annual periods beginning on or after 1 February 2010.*

<sup>3</sup> *Effective for annual periods beginning on or after 1 July 2010.*

<sup>4</sup> *Effective for annual periods beginning on or after 1 January 2011.*

<sup>5</sup> *Effective for annual periods beginning on or after 1 January 2013.*

Other than the application of HKFRS 9 “Financial Instruments” which might affect the classification and measurement of the Group’s financial assets, the Directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

## 3. SEGMENT INFORMATION

Segment information is presented based on the 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, for the purpose of allocating resources to segments and assessing their performance.

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

The Group is organised into three operating segments as follows:

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

Financial services – provision of financial services.

Property investment – leasing of residential and office properties.

#### For the six months ended 30 June 2010

	Securities trading and investments HK\$'000	Financial services HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
Revenue	3,635	36,547	1,429	41,611
Gross proceeds from sales of investments held for trading	433,691	-	-	433,691
Segment (loss) profit	(15,687)	32,004	781	17,098
Other income				470
Net exchange loss				(979)
Central corporate expenses				(10,043)
Share of losses of associates				(6,089)
Effective interest expense on convertible bonds				(16,384)
Loss before taxation				(15,927)

### 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
Revenue	<u>9,385</u>	<u>7,284</u>	<u>1,805</u>	<u>18,474</u>
Gross proceeds from sales of investments held for trading	<u>504,836</u>	<u>–</u>	<u>–</u>	<u>504,836</u>
Segment profit	<u>658,241</u>	<u>6,641</u>	<u>5,746</u>	670,628
Other income				807
Net exchange gain				1,623
Central corporate expenses				(19,143)
Share of losses of associates				(1,848)
Gain on disposal of an associate				10,756
Effective interest expense on convertible bonds				<u>(16,110)</u>
Profit before taxation				<u>646,713</u>

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

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

Segment profits or losses represents the profit or loss earned by each segment without allocation of certain other income, net foreign exchange (loss) 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.

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

	<b>30.6.2010</b>	31.12.2009
	<b>HK\$'000</b>	HK\$'000
Securities trading and investments	<b>2,707,412</b>	1,983,244
Financial services	<b>370,415</b>	405,228
Property investment	<b>103,173</b>	103,298
	<hr/>	<hr/>
Total segment assets	<b>3,181,000</b>	2,491,770
Unallocated assets	<b>281,571</b>	105,652
	<hr/>	<hr/>
Consolidated assets	<b>3,462,571</b>	2,597,422
	<hr/>	<hr/>

#### 4. OTHER GAINS AND LOSSES

	<b>Six months ended</b>	
	<b>30.6.2010</b>	<b>30.6.2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Change in fair value of investments held for trading ( <i>Note a</i> )	<b>(2,737)</b>	524,141
Change in fair value of derivative financial instruments ( <i>Note b</i> )	<b>(9,529)</b>	6,078
Net realised (loss) gain on disposal of available-for-sale investments	<b>(364)</b>	119,344
Gain on disposal of an associate	–	10,756
Fair value changes on investment properties	–	4,900
Net exchange (loss) gain	<b>(979)</b>	1,623
	<b>(13,609)</b>	666,842

*Notes:*

- (a) Included in change in fair value of investments held for trading, approximately HK\$58,809,000 (2009: HK\$126,177,000) represented net realised gain on disposal of investments held for trading.
- (b) Included in change in fair value of derivative financial instruments, approximately HK\$1,323,000 (2009: HK\$6,078,000) 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>30.6.2010</b>	30.6.2009
	<b>HK\$'000</b>	HK\$'000
The current tax comprises:		
Enterprise income tax in the People's Republic of China ("PRC")	<b>122</b>	124

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both periods. No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no assessable profit for both periods.

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

## 7. (LOSS) PROFIT FOR THE PERIOD

	<b>Six months ended</b>	
	<b>30.6.2010</b>	<b>30.6.2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
(Loss) profit for the period has been arrived at after charging (crediting):		
Staff costs including directors' emoluments	<b>4,089</b>	3,384
Depreciation	<b>163</b>	162
Interest income other than loans receivable	<b>(71)</b>	(273)
	<b><u>          </u></b>	<b><u>          </u></b>

## 8. (LOSS) EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30.6.2010</b>	<b>30.6.2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
(Loss) earnings for the purpose of basic (loss) earnings per share attributable to the owners of the Company	<b>(16,197)</b>	646,589
Effect of dilutive potential ordinary shares		
– interest on convertible bonds	<b>–</b>	16,110
	<b><u>          </u></b>	<b><u>          </u></b>
(Loss) earnings for the purpose of diluted (loss) earnings per share	<b>(16,197)</b>	662,699
	<b><u>          </u></b>	<b><u>          </u></b>

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

	<b>Number of shares</b>	Number of shares
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	<b>556,698,697</b>	485,818,576
Effect of dilutive potential ordinary shares		
– convertible bonds	–	<u>309,392,265</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	<b><u>556,698,697</u></b>	<b><u>795,210,841</u></b>

The computation of diluted loss per share for the six months ended 30 June 2010 does not assume the conversion of convertible bonds as the conversion would result in a decrease in loss per share.

The calculation of diluted earnings per share for the six months ended 30 June 2009 does not assume the exercise of warrants because the exercise price of the Company's outstanding warrants was higher than the average market price of shares for that period. These warrants expired on 28 July 2009.

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

The Group's investment properties and buildings were fair valued by the directors by reference to recent market transactions of similar types of properties. Based on the assessment by the directors, the fair value of investment properties as at 30 June 2010 are not materially different from the professional valuation made at 31 December 2009 and, accordingly no fair value changes have been recognised in profit or loss for the six months ended 30 June 2010.

During the period, there was no material addition in investment properties and property, plant and equipment.

## 10. INTERESTS IN ASSOCIATES

In the current period, the Group acquired 34% equity interest in Mabuhay Holdings Corporation ("Mabuhay"), a company listed on The Philippine Stock Exchange, for a total consideration of approximately HK\$30,021,000.

On 25 June 2010, the Group entered into the subscription agreement to subscribe for 40% equity interest in Extra Earn Holdings Limited ("Extra Earn"), a company incorporated in the British Virgin Islands, for a total consideration of US\$18,000,000 (equivalent to approximately HK\$140,127,000). The total net asset of Extra Earn was approximately HK\$677,000,000 according to the unaudited management accounts as at 25 June 2010. As at the date of issuance of these condensed consolidated financial statements, the fair value assessments of certain underlying assets and liabilities of Extra Earn had not been finalised and thus, the initial accounting for the aforesaid acquisition of 40% interest in Extra Earn has been determined provisionally and no goodwill or gain on bargain purchase has been recognised in the condensed consolidated financial statements. Upon finalisation of the valuation, goodwill or gain on bargain purchase may result.

## 11. LOAN NOTES

The Group has subscribed loan notes with nominal value of US\$26,200,000 from Mulpha SPV Limited (“Mulpha”), a limited liability company incorporated in Malaysia at a discount of 17.3554%. The loan note bears zero coupon interest with effective interest rate of 10% and will mature on 15 June 2012 and guaranteed by Mulpha International Bhd., a company incorporated in Malaysia and whose shares are listed on the Main Board of the Kuala Lumpur Stock Exchange. It may be early redeemed by Mulpha before maturity date at accrual yield of 10% per annum based on a reference price which is 82.6446% of the nominal value of the loan notes. The early redemption option by Mulpha is closely related to the host debt and is not separately accounted for.

## 12. DEBTORS, DEPOSITS AND PREPAYMENTS

	<b>30.6.2010</b>	31.12.2009
	<b>HK\$'000</b>	HK\$'000
Debtors from securities trading	<b>2,292</b>	4,487
Other debtors, deposits and prepayments	<b>67,462</b>	23,742
	<b>69,754</b>	28,229

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

### 13. LOANS RECEIVABLE

The Group granted a loan receivable of US\$5,500,000 (equivalent to approximately HK\$42,883,000) to an associate, Mabuhay, with fixed interest rate of 15% per annum.

### 14. CREDITORS AND ACCRUED CHARGES

	<b>30.6.2010</b>	31.12.2009
	<b>HK\$'000</b>	HK\$'000
Creditors from securities trading	<b>25,788</b>	12,573
Other creditors and accrued charges	<b>8,010</b>	8,342
	<b><u>33,798</u></b>	<u>20,915</u>

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

## 15. OTHER BORROWINGS

	<b>30.6.2010</b>	31.12.2009
	<b>HK\$'000</b>	HK\$'000
Securities margin loans	<b>899,172</b>	51,565
Unsecured term loan	<b>150,000</b>	150,000
	<b><u>1,049,172</u></b>	<u>201,565</u>
Carrying amount repayable:		
On demand or within one year	<b>899,172</b>	51,565
More than one year, but not exceeding two years	<b>150,000</b>	150,000
	<b><u>1,049,172</u></b>	<u>201,565</u>

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

## 16. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments comprise option contracts linked with listed equity securities with certain brokers for a period of a year.

The Group has approximately HK\$169,545,000 (31 December 2009: HK\$119,903,000) maximum cash outflow in return with listed securities within one year.

## 17. SHARE CAPITAL

	<b>Number of shares</b>	<b>Share capital HK\$'000</b>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 30 June 2010 and 31 December 2009	<u>30,000,000,000</u>	<u>300,000</u>
Issued and fully paid:		
At 1 January 2009	275,622,494	2,756
Issue of shares due to exercise of warrants	93,110	1
Issue of shares upon conversion of convertible bonds	5,333,333	53
Issue of shares due to rights issue	<u>275,649,760</u>	<u>2,757</u>
At 31 December 2009 and 30 June 2010	<u>556,698,697</u>	<u>5,567</u>

During the period, there was no movement in the Company's share capital.

## 18. PLEDGE OF ASSETS

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

	<b>30.6.2010</b>	31.12.2009
	<b>HK\$'000</b>	HK\$'000
Investments held for trading	<b>1,575,337</b>	962,510
Available-for-sale investments	<b>245,964</b>	240,227
Pledged bank deposits	<b>6,890</b>	9,151
	<b><u>1,828,191</u></b>	<u>1,211,888</u>

## 19. RELATED PARTY TRANSACTIONS

Other than loans receivable from an associate as disclosed in note 13, the Group has entered into the following related party transactions:

	<b>Six months ended</b>	
	<b>30.6.2010</b>	30.6.2009
	<b>HK\$'000</b>	HK\$'000
Interest income from loans receivable:		
An associate	<b>854</b>	–
	<b><u>854</u></b>	<u>–</u>

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>30.6.2010</b>	30.6.2009
	<b>HK\$'000</b>	HK\$'000
Salaries and other short-term employee benefits	<b>1,350</b>	2,565
Retirement benefit costs	<b>18</b>	79
	<b><u>1,368</u></b>	<u>2,644</u>

## DIVIDENDS

The Directors do not recommend the payment of interim dividend for the period ended 30 June 2010 (2009: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL RESULTS

For the six months ended 30 June 2010, the Group's turnover decreased to HK\$475,302,000 (2009: HK\$523,310,000) and recorded a net loss attributable to shareholders of HK\$16,197,000 against a net profit of HK\$646,589,000 for the same period in 2009. Loss per share of the Company was HK\$0.029 (2009: earnings per share of HK\$1.33).

As at 30 June 2010, the Group's net asset value per share was HK\$3.50, compared to HK\$3.56 as at 31 December 2009 and HK\$2.79 as at 30 June 2009.

### REVIEW OF OPERATIONS

During the period under review, 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 and caused the early gains achieved by the Group in the first quarter of 2010 being erased during the second quarter of 2010.

For the first half of 2010, the Group's business in trading and investment in financial securities recorded a decreased turnover of HK\$437,326,000 (2009: HK\$514,221,000) and a net loss of HK\$15,687,000 (2009: profit of HK\$658,241,000) mainly due to the loss in change in fair value of investments held for trading of HK\$2,737,000 (2009: gain of HK\$524,141,000) and loss in change in fair value of derivative financial instruments of HK\$9,529,000 (2009: gain of HK\$6,078,000). As at 30 June 2010, the Group maintained a long-term portfolio of available-for-sale investments of HK\$366,574,000 (30 June 2009: HK\$288,211,000) and loan notes of HK\$168,754,000 (30 June 2009: nil), and a trading portfolio of HK\$2,095,837,000 (30 June 2009: HK\$1,241,068,000).

The Group's money lending business recorded a turnover of mainly interest income of HK\$36,547,000 (2009: HK\$7,284,000) and a profit of HK\$32,004,000 (2009: HK\$6,641,000) during the period under review. As at 30 June 2010, the Group's loan portfolio amounted to HK\$363,349,000 (30 June 2009: HK\$141,475,000).

The Group's investment properties located in Hong Kong and China achieved a rental income of HK\$1,429,000 (2009: HK\$1,805,000) and a profit of HK\$781,000 (2009: HK\$5,746,000, including a gain of HK\$4,900,000 on the disposal of an investment property). As at 30 June 2010, the Group's investment properties portfolio amounted to HK\$100,375,000 (30 June 2009: HK\$86,705,000).

## PRINCIPAL ASSOCIATED COMPANIES

The share of losses of associates of the Group for the six months ended 30 June 2010 was HK\$6,089,000 (2009: HK\$1,848,000).

During the first half of 2010, the Group further acquired shares of Mabuhay Holdings Corporation (“MHC”) and increased its shareholding in MHC to approximately 34%, making MHC an associate of the Group. MHC is a company incorporated in the Philippines with its common shares listed on the Philippine Stock Exchange and is engaged in investments in securities, properties, and other investments in the Philippines. MHC’s major asset is its approximately 40% interest in Interport Resources Corporation (“IRC”), whose common shares are also listed on the Philippine Stock Exchange. IRC is principally engaged in real estate development and is now concentrating its efforts and resources to developing two substantial real estate assets in the Binangonan area of Rizal Province close to Metro-Manila in the Philippines.

In June 2010, the Group subscribed for 180,000 new shares of Extra Earn Holdings Limited (“Extra Earn”) for a cash consideration of US\$18,000,000 making Extra Earn a 40% associate of the Group. The subscription was part of the allotment and issue of 300,000 new shares of Extra Earn for cash in an aggregate amount of US\$30,000,000 which would be applied by Extra Earn towards general investment, acquisition and/or working capital. Extra Earn is an investment holding company and is engaged in urban infrastructure development, property development and other investment businesses in the PRC.

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

As at 30 June 2010, the Group's non-current assets of HK\$808,412,000 (30 June 2009: HK\$377,866,000) consisted of investment properties of HK\$100,375,000 (30 June 2009: HK\$86,705,000); property, plant and equipment of HK\$3,282,000 (30 June 2009: HK\$2,896,000); interests in associates of HK\$169,427,000 (30 June 2009: nil), available-for-sale investments of HK\$366,574,000 (30 June 2009: HK\$288,211,000) and loan notes of HK\$168,754,000 (30 June 2009: nil). These non-current assets are principally financed by shareholders' fund. As at 30 June 2010, the Group had net current assets of HK\$1,569,503,000 (30 June 2009: HK\$1,439,784,000) and current ratio of 2.4 times (30 June 2009: 7.9 times), calculated on the basis of the Group's current assets over current liabilities.

As at 30 June 2010, the total borrowings of the Group amounted to HK\$1,274,183,000 (30 June 2009: HK\$359,100,000) including other borrowings of HK\$899,172,000 (30 June 2009: HK\$80,233,000) under current liabilities and non-current liabilities of HK\$375,011,000 (30 June 2009: HK\$278,867,000). As at 30 June 2010, the Group's gearing ratio, calculated on the basis of the Group's net borrowings (after pledged bank deposits, and bank balances and cash) over total equity, was 58.4% compared to 16.5% as at 30 June 2009.

During the period under review, the Group's assets, liabilities and transactions were mainly denominated in Hong Kong Dollar, Australian Dollar, Taiwan Dollar, Renminbi and Malaysian Ringgit. Because of the short term nature, the Group did not actively hedge risks arising from its Australian Dollar, Renminbi 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 2010, the Group's investments held for trading of HK\$1,575,337,000 (30 June 2009: HK\$1,116,824,000), available-for-sale investments of HK\$245,964,000 (30 June 2009: HK\$158,635,000) and bank balances of HK\$6,890,000 (30 June 2009: HK\$10,531,000) were pledged to banks and securities brokerage houses to secure short term credit facilities granted to the Group.

## EMPLOYEES

The Group had 17 employees as at 30 June 2010 (30 June 2009: 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

The weakness of the global financial markets and the prolonged uncertain economic outlook is expected to continue into the second half of 2010. 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.

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at 30 June 2010, 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 or Underlying Shares held			Total	Percentage of issued Shares
	Personal interests	Corporate interests	Other interests		
Ms. Chong Sok Un	–	390,325,707	–	390,325,707	70.11%
		<i>(Note 1)</i>			

Note:

1. Vigor Online Offshore Limited, 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 390,325,707 ordinary shares of the Company.

Save as disclosed above, as at 30 June 2010, 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 2010, 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 (Note 1)	390,325,707	70.11%
China Spirit Limited ("China Spirit")	Held by controlled corporation (Note 1)	390,325,707	70.11%
Vigor Online Offshore Limited ("Vigor Online")	Beneficial owner (Note 1)	390,325,707	70.11%
Ma Hongyi ("Mr. Ma")	Beneficial owner (Note 2)	240,000,000	43.53%
Lee and Lee Trust	Held by controlled corporation (Note 3)	266,666,666	47.90%
Allied Group Limited ("Allied Group")	Held by controlled corporation (Note 4)	266,666,666	47.90%
Allied Properties (H.K.) Limited ("Allied Properties")	Held by controlled corporation (Note 5)	266,666,666	47.90%

<b>Name</b>	<b>Capacity</b>	<b>Number of Shares or Underlying Shares held</b>	<b>Percentage of issued Shares</b>
AP Jade Limited ("AP Jade")	Held by controlled corporation (Note 5)	266,666,666	47.90%
AP Emerald Limited ("AP Emerald")	Held by controlled corporation (Note 5)	266,666,666	47.90%
Sun Hung Kai & Co. Limited ("SHK & Co.")	Held by controlled corporation (Note 6)	266,666,666	47.90%
Sun Hung Kai Securities Limited ("SHK Securities")	Held by controlled corporation (Note 7)	266,666,666	47.90%
Sun Hung Kai Structured Finance Limited ("SHK Structured Finance")	Held as security interest and beneficial owner (Note 8)	266,666,666	47.90%

**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 ordinary shares of the Company.
2. Mr. Ma has beneficial interest in HK\$180,000,000 convertible bonds of the Company convertible into 240,000,000 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 52.40% 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 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 62.31% 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.

Save as disclosed above, as at 30 June 2010, there were no other parties who had interests or short positions in the shares or underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

## **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 2010.

## **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 2010.

## **CHANGE IN DIRECTORS’ INFORMATION**

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

- Mr. Lau Siu Ki, an Independent Non-Executive Director of the Company, has resigned as an independent non-executive director of Greenfield Chemical Holdings Limited and Proview International Holdings Limited with effect from 11 June 2010 and 24 August 2010 respectively.

## **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, 26 August 2010

*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.*