



COL Capital Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 383

◊ **Second 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 twelve months ended 31 December 2010 together with the comparative figures for the corresponding period in 2009 as follows:–

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2010

		For the twelve months from		For the six months from	
		1.1.2010 to	1.1.2009 to	1.7.2010 to	1.7.2009 to
		31.12.2010	31.12.2009	31.12.2010	31.12.2009
NOTES		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(audited)	(unaudited)	(unaudited)
Revenue (excluding securities trading)	3	159,312	68,544	117,701	50,070
Gross proceeds from sale of investments held for trading	3	1,590,731	1,046,458	1,157,040	541,622
Total		1,750,043	1,115,002	1,274,741	591,692
Continuing operations:					
Rental income		2,766	3,358	1,337	1,553
Dividend income from listed investments		89,230	32,761	85,595	23,376
Interest income from loans receivable		67,316	32,425	30,769	25,141
Other gains and losses	4	231,427	930,544	245,036	263,702
Other income		18,121	6,741	13,167	5,873
Administrative and other expenses		(26,426)	(24,940)	(14,273)	(12,193)
Finance costs	5	(72,532)	(52,603)	(41,891)	(27,727)
Share of profits of associates		186,883	3,365	192,972	5,213
Profit before taxation		496,785	931,651	512,712	284,938
Taxation	6	(9,716)	(13,858)	(9,594)	(13,734)
Profit from continuing operations		487,069	917,793	503,118	271,204
Discontinued operation:					
Profit for the period from discontinued operation		–	123,241	–	123,241
Profit for the period	7	487,069	1,041,034	503,118	394,445

CONDENSED CONSOLIDATED INCOME STATEMENT *(Continued)*

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2010

	NOTE	For the twelve months from 1.1.2010 to 31.12.2010 HK\$'000 (unaudited)	1.1.2009 to 31.12.2009 HK\$'000 (audited)	For the six months from 1.7.2010 to 31.12.2010 HK\$'000 (unaudited)	1.7.2009 to 31.12.2009 HK\$'000 (unaudited)
Profit for the period attributable to:					
Owners of the Company		484,719	1,025,401	500,916	378,812
Non-controlling interests		<u>2,350</u>	<u>15,633</u>	<u>2,202</u>	<u>15,633</u>
		<u>487,069</u>	<u>1,041,034</u>	<u>503,118</u>	<u>394,445</u>
Earnings per share	8				
From continuing and discontinued operations					
– Basic		<u>HK\$0.87</u>	<u>HK\$1.97</u>	<u>HK\$0.90</u>	<u>HK\$0.68</u>
– Diluted		<u>HK\$0.61</u>	<u>HK\$1.24</u>	<u>HK\$0.62</u>	<u>HK\$0.44</u>
From continuing operations					
– Basic		<u>HK\$0.87</u>	<u>HK\$1.73</u>	<u>HK\$0.90</u>	<u>HK\$0.46</u>
– Diluted		<u>HK\$0.61</u>	<u>HK\$1.10</u>	<u>HK\$0.62</u>	<u>HK\$0.30</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2010

	For the twelve months from 1.1.2010 to 31.12.2010 HK\$'000 (unaudited)	1.1.2009 to 31.12.2009 HK\$'000 (audited)	For the six months from 1.7.2010 to 31.12.2010 HK\$'000 (unaudited)	1.7.2009 to 31.12.2009 HK\$'000 (unaudited)
Profit for the period	487,069	1,041,034	503,118	394,445
Net gain on available-for-sale investments:				
Gain on fair value changes	72,226	163,485	89,985	60,514
Reclassification adjustment upon disposal of available-for-sale investments	4,093	(119,344)	3,729	-
Share of changes in other comprehensive income of an associate	44,366	-	44,366	-
	120,685	44,141	138,080	60,514
Exchange differences arising on translation:				
Exchange gain arising from translation of foreign operation	1,294	452	853	95
Reclassification adjustment upon disposal of an associate	-	(9,406)	-	-
Share of changes in other comprehensive income of an associate	108,277	-	108,277	-
	109,571	(8,954)	109,130	95
Surplus on revaluation of leasehold land and buildings	928	410	928	410
Other comprehensive income for the period	231,184	35,597	248,138	61,019
Total comprehensive income for the period	718,253	1,076,631	751,256	455,464
Total comprehensive income attributable to:				
Owners of the Company	715,903	1,060,998	749,054	439,831
Non-controlling interests	2,350	15,633	2,202	15,633
	718,253	1,076,631	751,256	455,464

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2010

	NOTES	31.12.2010 HK\$'000 (unaudited)	31.12.2009 HK\$'000 (audited) (restated)
Non-current assets			
Investment properties	10	127,495	100,375
Property, plant and equipment	10	4,117	3,437
Interests in associates	11	1,449,370	5,368
Available-for-sale investments		454,211	385,742
Loan notes	12	56,692	–
		<u>2,091,885</u>	<u>494,922</u>
Current assets			
Available-for-sale investments		3,808	6,522
Investments held for trading		1,298,805	1,525,691
Debtors, deposits and prepayments	13	77,296	28,229
Amount due from an associate		14,339	30,845
Loans receivable	14	340,663	389,425
Taxation recoverable		2,025	2,025
Pledged bank deposits		4,445	9,151
Bank balances and cash		112,394	110,612
		<u>1,853,775</u>	<u>2,102,500</u>
Current liabilities			
Creditors and accrued charges	15	15,462	20,915
Customers' deposits and receipts in advance		34,015	36,737
Other borrowings	16	948,623	201,565
Derivative financial instruments	17	17,957	4,188
Taxation payable		89,465	80,014
		<u>1,105,522</u>	<u>343,419</u>
Net current assets		<u>748,253</u>	<u>1,759,081</u>
Total assets less current liabilities		<u>2,840,138</u>	<u>2,254,003</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AT 31 DECEMBER 2010

	NOTES	31.12.2010 HK\$'000 (unaudited)	31.12.2009 HK\$'000 (audited) (restated)
Non-current liabilities			
Convertible bonds	18	<u>108,246</u>	<u>218,096</u>
		<u>108,246</u>	<u>218,096</u>
Net assets		<u>2,731,892</u>	<u>2,035,907</u>
Capital and reserves			
Share capital	19	5,567	5,567
Reserves		<u>2,670,804</u>	<u>1,977,169</u>
Equity attributable to owners of the Company		<u>2,676,371</u>	<u>1,982,736</u>
Non-controlling interests		<u>55,521</u>	<u>53,171</u>
Total equity		<u>2,731,892</u>	<u>2,035,907</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2010

	Attributable to owners of the Company										
	Share capital	Share premium	Convertible	Properties revaluation reserve	Investment revaluation reserve	Capital redemption reserve	Translation reserve	(Accumulated	Total	Non-controlling interests	Total equity
			bonds equity reserve					loss) retained profits			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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
Profit for the period	-	-	-	-	-	-	-	1,025,401	1,025,401	15,633	1,041,034
Other comprehensive income and expenses for the period	-	-	-	410	44,141	-	(8,954)	-	35,597	-	35,597
Total comprehensive income and expenses for the period	-	-	-	410	44,141	-	(8,954)	1,025,401	1,060,998	15,633	1,076,631
Issue of shares upon exercise of warrants	1	268	-	-	-	-	-	-	269	-	269
Issue of shares upon rights issue	2,757	107,504	-	-	-	-	-	-	110,261	-	110,261
Issue of shares upon conversion of convertible bonds	53	3,947	-	-	-	-	-	-	4,000	-	4,000
Transaction cost attributable to issue of shares	-	(1,375)	-	-	-	-	-	-	(1,375)	-	(1,375)
Recognition of equity component of convertible bonds	-	-	28,242	-	-	-	-	-	28,242	-	28,242
Capital contribution from a minority shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	53,200	53,200
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	291,661	291,661
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-	-	-	-	(20,214)	(20,214)
Dilution of shareholding in a subsidiary	-	-	-	-	-	-	-	-	-	64,844	64,844
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(351,953)	(351,953)
At 31 December 2009 (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
Profit for the period	-	-	-	-	-	-	-	484,719	484,719	2,350	487,069
Other comprehensive income for the period	-	-	-	928	120,685	-	109,571	-	231,184	-	231,184
Total comprehensive income for the period	-	-	-	928	120,685	-	109,571	484,719	715,903	2,350	718,253
Dividend paid (note 9)	-	-	-	-	-	-	-	(22,268)	(22,268)	-	(22,268)
At 31 December 2010 (unaudited)	5,567	701,783	28,242	8,538	368,799	2,184	116,465	1,444,793	2,676,371	55,521	2,731,892

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2010

	Twelve months ended	
	31.12.2010	31.12.2009
<i>NOTE</i>	HK\$'000	HK\$'000
	(unaudited)	(audited) (restated)
NET CASH USED IN OPERATING ACTIVITIES	(11,387)	(167,694)
INVESTING ACTIVITIES		
Purchase of loan notes	(168,754)	–
Proceeds from disposal of loan notes	115,000	–
Proceeds from disposal of available-for-sale investments	54,375	318,274
Decrease (increase) in pledged bank deposits	4,706	(7,984)
Interest received	575	5,147
Purchases of available-for-sale investments	(47,905)	(39,125)
Proceeds on disposal of an associate	–	138,003
Acquisition of subsidiaries	–	(139,178)
Disposal of a subsidiary	–	141,055
Acquisition of investments in associates	11 (569,404)	(155)
Repayment received from (advance to) associates	16,506	(33,476)
Proceeds from dilution on shareholding of a subsidiary	–	88,182
Proceeds from disposal of an investment property	–	21,300
Purchases of property, plant and equipment	(14)	(201)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(594,915)	491,842

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2010

	Twelve months ended	
	31.12.2010	31.12.2009
	HK\$'000	HK\$'000
	(unaudited)	(audited) (restated)
FINANCING ACTIVITIES		
New borrowings raised	3,417,404	1,707,000
Proceeds from issue of shares	–	110,530
Expenses on issues of shares	–	(1,375)
Repayments of borrowings	(2,670,346)	(2,360,117)
Dividends paid	(22,268)	–
Capital contribution from a minority shareholder of a subsidiary	–	53,200
Proceeds from issue of convertible bonds	–	300,000
Expenses on issue of convertible bonds	–	(9,217)
Repayments of convertible bonds	(118,000)	(60,000)
Acquisition of additional interest in a subsidiary	–	(20,288)
	<u>–</u>	<u>(280,267)</u>
NET CASH FROM (USED IN) FINANCING ACTIVITIES	606,790	(280,267)
NET INCREASE IN CASH AND CASH EQUIVALENTS	488	43,881
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE	1,294	452
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	110,612	66,279
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	112,394	110,612

Notes:–

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.

During the current financial period, the reporting date of the Group was changed from 31 December to 30 June because the directors of the Company determined to align Company’s reporting date with those of the Company’s principal listed associate which is the Group’s substantial investment. Accordingly, these condensed consolidated financial statements cover the twelve month period ended 31 December 2010.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND 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.

During the 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 period beginning on 1 January 2010.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of improvements to HKFRSs issued in 2008
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners
HK – INT 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause

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.

Consequential amendments to HKAS 28 (by HKFRS 3 & HKAS 27 (revised 2008)) acquisition of associate achieved in stages

When an acquisition of an associate is achieved in stages, any previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

Acquisition of additional interests in associates

Goodwill is recognised at each acquisition date, being the excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates acquired.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND PRINCIPAL ACCOUNTING POLICIES (*Continued*)

Provisional values of accounting for acquisition of associates

If the initial accounting for acquisition of associates is incomplete by the end of the reporting period in which the acquisition occurs, the fair values of the items for which the accounting is incomplete are measured at provision amounts. During the measurement period, provisional amounts used at the acquisition date are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognised.

Consequential amendments to HKAS 7 (by HKAS 27)

The application of the consequential amendments to HKAS 7 affected the classification of the cash outflow for the Group’s acquisition of additional interest in a subsidiary in the prior period as the amendments are applied retrospectively. The cash consideration paid in the prior period of HK\$20,288,000 has been reclassified from cash flows from investing activities to cash flows from financing activities.

Amendments 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 amendments to HKAS 17, lessees were required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Amendments to HKAS 17 Leases *(Continued)*

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant, and equipment retrospectively. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior periods.

Hong Kong Interpretation 5 Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause

Hong Kong Interpretation 5 “Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause” (“HK-INT 5”) clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time (‘repayment on demand clause’) should be classified by the borrower as current liabilities. The Group has applied HK-INT 5 for the first time in the current period. HK-INT 5 requires retrospective application.

In order to comply with the requirements set out in HK-INT 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK-INT 5, term loans with a repayment on demand clause are classified as current liabilities. The application of HK-INT 5 has had no impact on the reported profit or loss for the current and prior periods.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND PRINCIPAL ACCOUNTING POLICIES (Continued)

Hong Kong Interpretation 5 Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause (Continued)

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

	As at 1.1.2009 (originally stated) HK\$'000	Adjustments HK\$'000	As at 1.1.2009 (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 payment	54	(54)	-	52	(52)	-
Other borrowings – current	(854,682)	-	(854,682)	(51,565)	(150,000)	(201,565)
Other borrowings – non-current	-	-	-	(150,000)	150,000	-
Total effects on net assets	(851,592)	-	(851,592)	(198,128)	-	(198,128)

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKFRS 1 (Amendments)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters ²
HKFRS 1 (Amendments)	Severe hyperinflation and removal of fixed dates for first-time adopters ³
HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets ³
HKFRS 9	Financial instruments ⁴
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets ⁵
HKAS 24 (Revised)	Related party disclosures ⁶
HKAS 32 (Amendments)	Classification of rights issues ⁷
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a minimum funding requirement ⁶
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments ²

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND PRINCIPAL ACCOUNTING POLICIES (*Continued*)

Hong Kong Interpretation 5 Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause (*Continued*)

- ¹ *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.*
- ² *Effective for annual periods beginning on or after 1 July 2010.*
- ³ *Effective for annual periods beginning on or after 1 July 2011.*
- ⁴ *Effective for annual periods beginning on or after 1 January 2013.*
- ⁵ *Effective for annual periods beginning on or after 1 January 2012.*
- ⁶ *Effective for annual periods beginning on or after 1 January 2011.*
- ⁷ *Effective for annual periods beginning on or after 1 February 2010.*

HKFRS 9 “Financial instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 “Financial instruments: Recognition and measurement” to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 will 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.

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 twelve months ended 31 December 2010

	Securities trading and investments HK\$'000	Financial services HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
Revenue	<u>89,230</u>	<u>67,316</u>	<u>2,766</u>	<u>159,312</u>
Gross proceeds from sales of investments held for trading	<u>1,590,731</u>	<u>-</u>	<u>-</u>	<u>1,590,731</u>
Segment profit	<u>241,284</u>	<u>65,123</u>	<u>29,086</u>	335,493
Other income				4,007
Net foreign exchange gain				5,388
Central corporate expenses				(3,983)
Share of profits of associates				186,883
Effective interest expense on convertible bonds				<u>(31,003)</u>
Profit before taxation				<u>496,785</u>

3. SEGMENT INFORMATION *(Continued)*

For the twelve months ended 31 December 2009

	Continuing operations			
	Securities trading and investments HK\$'000	Financial services HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
	Revenue	32,761	32,425	3,358
Gross proceeds from sale of investments held for trading	1,046,458	–	–	1,046,458
Segment profit	890,896	33,216	21,132	945,244
Other income				5,762
Net foreign exchange gain				3,226
Central corporate expenses				(2,347)
Share of profits of associates				3,365
Effective interest expense on convertible bonds				(34,355)
Gain on disposal of associates				10,756
Profit before taxation				931,651

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 certain other income, net foreign exchange gain, central corporate expenses, share of profits of associates 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:

	31.12.2010 HK\$'000 (unaudited)	31.12.2009 HK\$'000 (audited)
Securities trading and investments	1,920,369	1,983,244
Financial services	357,900	405,228
Property investment	131,181	103,298
Total segment assets	2,409,450	2,491,770
Unallocated assets	1,536,210	105,652
Consolidated assets	3,945,660	2,597,422

4. OTHER GAINS AND LOSSES

	For the twelve months from		For the six months from	
	1.1.2010 to 31.12.2010 HK\$'000 (unaudited)	1.1.2009 to 31.12.2009 HK\$'000 (audited)	1.7.2010 to 31.12.2010 HK\$'000 (unaudited)	1.7.2009 to 31.12.2009 HK\$'000 (unaudited)
Other gains (losses) from continuing operations				
Change in fair value of investments held for trading	207,767	771,208	210,504	247,067
Change in fair value of derivative financial instruments	(4,820)	7,386	4,709	1,308
Net (loss) gain on disposal of available-for-sale investments	(4,093)	119,344	(3,729)	-
Gain on disposal of an associate	-	10,756	-	-
Fair value changes on investment properties	27,120	18,570	27,120	13,670
Revaluation surplus on buildings	65	54	65	54
Net foreign exchange gain	5,388	3,226	6,367	1,603
	231,427	930,544	245,036	263,702

5. FINANCE COSTS

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

	For the twelve months from		For the six months from	
	1.1.2010 to	1.1.2009 to	1.7.2010 to	1.7.2009 to
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(audited)	(unaudited)	(unaudited)
Interest on:				
Other borrowings and margin loan wholly repayable within five years	41,529	18,248	27,272	9,482
Effective interest expense on convertible bonds	31,003	34,355	14,619	18,245
	<u>72,532</u>	<u>52,603</u>	<u>41,891</u>	<u>27,727</u>

6. TAXATION

	For the twelve months from		For the six months from	
	1.1.2010 to	1.1.2009 to	1.7.2010 to	1.7.2009 to
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(audited)	(unaudited)	(unaudited)
Continuing operations				
Current tax:				
Hong Kong Profits Tax	9,413	-	9,413	-
Enterprise Income Tax in the People's Republic of China ("PRC")	303	261	181	137
	9,716	261	9,594	137
Underprovision in prior periods				
- Hong Kong Profits Tax	-	13,597	-	13,597
	<u>9,716</u>	<u>13,858</u>	<u>9,594</u>	<u>13,734</u>

6. TAXATION (Continued)

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

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

7. PROFIT FOR THE PERIOD

	Twelve months ended						Six months ended					
	Continuing operation		Discontinued operation		Consolidated		Continuing operation		Discontinued operation		Consolidated	
	31.12.2010 HK\$'000 (unaudited)	31.12.2009 HK\$'000 (audited)	31.12.2010 HK\$'000 (unaudited)	31.12.2009 HK\$'000 (audited)	31.12.2010 HK\$'000 (unaudited)	31.12.2009 HK\$'000 (audited)	31.12.2010 HK\$'000 (unaudited)	31.12.2009 HK\$'000 (unaudited)	31.12.2010 HK\$'000 (unaudited)	31.12.2009 HK\$'000 (unaudited)	31.12.2010 HK\$'000 (unaudited)	31.12.2009 HK\$'000 (unaudited)
Profit for the period has been arrived at after charging (crediting):												
Staff costs including directors' emoluments	8,742	7,600	-	19,450	8,742	27,050	4,653	4,216	-	19,450	4,653	23,666
Depreciation and amortisation	262	318	-	3,055	262	3,373	99	156	-	3,055	99	3,211
Interest income other than loans receivable	(575)	(979)	-	(4,168)	(575)	(5,147)	(504)	(705)	-	(4,168)	(504)	(4,874)

8. EARNINGS PER SHARE

For continuing and discontinued operations

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

	For the twelve months from		For the six months from	
	1.1.2010 to 31.12.2010 HK\$'000 (unaudited)	1.1.2009 to 31.12.2009 HK\$'000 (audited)	1.7.2010 to 31.12.2010 HK\$'000 (unaudited)	1.7.2009 to 31.12.2009 HK\$'000 (unaudited)
Earnings for the purpose of basic earnings per share attributable to the owners of the Company	484,719	1,025,401	500,916	378,812
Effect of dilutive potential ordinary shares – interest on convertible bonds	31,003	34,355	14,619	18,245
Earnings for the purpose of diluted earnings per share	515,722	1,059,756	515,535	397,057

8. EARNINGS PER SHARE *(Continued)*

For continuing and discontinued operations *(Continued)*

	Number of shares	Number of shares	Number of shares	Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	556,698,697	521,545,873	556,698,697	553,591,141
Effect of dilutive potential ordinary shares – convertible bonds	<u>295,269,406</u>	<u>330,301,369</u>	<u>276,188,406</u>	<u>345,594,202</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>851,968,103</u>	<u>851,847,242</u>	<u>832,887,103</u>	<u>899,185,343</u>

The calculation of diluted earnings per share for the twelve months ended 31 December 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. The warrants lapsed on 28 July 2009.

8. EARNINGS PER SHARE *(Continued)*

From continuing operations

The calculation of the basic earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	For the twelve months from		For the six months from	
	1.1.2010 to	1.1.2009 to	1.7.2010 to	1.7.2009 to
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(audited)	(unaudited)	(unaudited)
Earnings for the period attributable to the owners of the Company	484,719	1,025,401	500,916	378,812
Less: Profit for the period from discontinued operation	<u>-</u>	<u>(123,241)</u>	<u>-</u>	<u>(123,241)</u>
Earnings for the purposes of basic earnings per share from continuing operations	484,719	902,160	500,916	255,571
Effect of dilutive potential ordinary shares – interest on convertible bonds	<u>31,003</u>	<u>34,355</u>	<u>14,619</u>	<u>18,245</u>
Earnings for the purpose of diluted earnings per share from continuing operations	515,722	936,515	515,535	273,816

The denominators used are the same as those detailed above for basic earnings per share.

8. EARNINGS PER SHARE *(Continued)*

From discontinued operation

For the period ended 31 December 2009, basic earnings per share for the discontinued operation is HK\$0.24 per share and diluted earnings per share for the discontinued operation is HK\$0.14 per share for the period ended 31 December 2009, based on the profit for the period from the discontinued operation of HK\$123,241,000 and the denominators detailed above for both basic and diluted earnings per share.

9. DIVIDENDS

	2010 HK\$'000 (unaudited)	2009 HK\$'000 (audited)
Dividends recognised as distribution during the period:		
2009 Final dividend paid – HK\$0.04 per share	<u>22,268</u>	<u>–</u>
Interim dividend, proposed	<u>–</u>	<u>–</u>

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

The fair value of the Group's investment properties at 31 December 2010 and 2009 were arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions and on the basis of capitalisation of the net income with due allowance for the reversionary income.

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

11. INTERESTS IN ASSOCIATES

During the current period, the Group acquired three associates as follows:

- (a) 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.
- (b) 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 and the share of result of the associate may also change accordingly. The directors expect the valuation will be finalised in June 2011.
- (c) On 6 September 2010, the Group acquired further 637,459,562 shares of APAC Resources Limited (“APAC”), which represented equity interest of 9.21%, at a consideration of approximately HK\$319,345,000, and together with the previously held interest of 15.94% (accounted for as investment held for trading before the acquisition of 9.21% of equity interest in APAC), APAC has become an associate of the Group since then. On 7 and 8 September 2010, the Group further acquired 138,840,000 shares of APAC, which represented equity interest of approximately 2%, at a total consideration of approximately at HK\$69,547,000. Following the completion of the aforesaid acquisitions, the Group had 27.15% equity interest in APAC.

In December 2010, the Group further acquired 0.35% equity interest in APAC at a consideration of approximately HK\$10,364,000.

11. INTERESTS IN ASSOCIATES *(Continued)*

(c) *(Continued)*

As at the date of issuance of these condensed consolidated financial statements, the fair value assessments of certain underlying assets and liabilities of APAC had not been finalised and thus, the initial accounting for the aforesaid acquisition of equity interest in APAC 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 and the share of result of the associate may also change accordingly. The directors expect the valuation will be finalised in June 2011.

12. LOAN NOTES

The Group subscribed for loan notes with a 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% in June 2010. The loan note bears zero coupon interest with an effective interest rate of 10% and it will mature on 15 June 2012. The loan notes are guaranteed by Mulpha International Bhd., a company incorporated in Malaysia whose shares are listed on the Main Board of the Kuala Lumpur Stock Exchange. The loan notes can be early redeemed by Mulpha before the maturity date at an 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 therefore not separately accounted for.

The Group disposed of loan notes with a carrying amount of approximately US\$14,744,000 to third parties for consideration of HK\$115,000,000 subsequently during the period ended 31 December 2010.

13. DEBTORS, DEPOSITS AND PREPAYMENTS

	31.12.2010	31.12.2009
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Debtors from securities trading	8,957	4,487
Other debtors, deposits and prepayments	68,339	23,742
	77,296	28,229

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

14. LOANS RECEIVABLE

During the period, 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 and repayable within twelve months. As at 31 December 2010, the outstanding amount due from Mabuhay was approximately US\$3,200,000 (equivalent to approximately HK\$24,960,000).

15. CREDITORS AND ACCRUED CHARGES

	31.12.2010	31.12.2009
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Creditors from securities trading	8,389	12,573
Other creditors and accrued charges	7,073	8,342
	15,462	20,915

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

16. OTHER BORROWINGS

	31.12.2010	31.12.2009
	HK\$'000	HK\$'000
	(unaudited)	(audited), (restated)
Securities margin loans	798,623	51,565
Unsecured term loan	<u>150,000</u>	<u>150,000</u>
	<u>948,623</u>	<u>201,565</u>
Carrying amount repayable:		
On demand or within one year	<u>948,623</u>	<u>201,565</u>
	<u>948,623</u>	<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.

17. DERIVATIVE FINANCIAL INSTRUMENTS

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

The Group has approximately HK\$242,246,000 (31 December 2009: HK\$119,903,000) maximum cash outflow in return with listed securities or foreign currency within one year.

18. CONVERTIBLE BONDS

In November 2010, the Company exercised its early redemption option to redeem 50% of the remaining convertible bonds for an amount of HK\$118,000,000.

19. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 December 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 2010 and 31 December 2009	<u>556,698,697</u>	<u>5,567</u>

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

20. 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:

	31.12.2010	31.12.2009
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Investments held for trading	689,376	962,510
Available-for-sale investments	326,882	240,227
Pledged bank deposits	4,445	9,151
	<u>1,020,703</u>	<u>1,211,888</u>

21. RELATED PARTY TRANSACTIONS

Other than loans receivable from an associate as disclosed in note 14, the Group has entered into the following related party transactions:

	For the twelve months from		For the six months from	
	1.1.2010 to	1.1.2009 to	1.7.2010 to	1.7.2009 to
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(audited)	(unaudited)	(unaudited)
Corporate service income from an associate	442	-	442	-
Interest income from loans receivable:				
An associate	2,450	-	1,596	-
	<u>2,450</u>	<u>-</u>	<u>1,596</u>	<u>-</u>

21. RELATED PARTY TRANSACTIONS *(Continued)*

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

	For the twelve months from		For the six months from	
	1.1.2010 to	1.1.2009 to	1.7.2010 to	1.7.2009 to
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(audited)	(unaudited)	(unaudited)
Salaries and other short-term employee benefits	2,925	3,365	1,575	800
Retirement benefit costs	36	36	18	(43)
	<u>2,961</u>	<u>3,401</u>	<u>1,593</u>	<u>757</u>

22. POST BALANCE SHEET EVENTS

Subsequent to 31 December 2010, the Group entered the following transactions:

- (1) The Group subscribed for 25 million Australian dollars (approximately HK\$191,500,000) convertible notes issued by FKP Limited (a company incorporated in Australia whose shares are listed on the Australian Securities Exchange) in January 2011, which will be listed on the Singapore Exchange Securities Trading Limited. The directors are in the process of assessing the financial impact of this transaction.
- (2) The Group redeemed convertible bonds of a principal amount of HK\$59,000,000 in January 2011.

DIVIDEND

The Directors do not recommend the payment of second interim dividend for the period ended 31 December 2010 (2009: Nil).

CHANGE OF FINANCIAL YEAR END DATE

As announced on 11 February 2011, the financial year end date of the Company has been changed from 31 December to 30 June to align the Company with that of the Company's principal listed associate which is the Group's substantial investment. Accordingly, the next financial year end date of the Company will be 30 June 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the twelve months ended 31 December 2010, the Group recorded a higher total revenue of HK\$1,750,043,000 (2009: HK\$1,115,002,000) but a lower net profit attributable to shareholders of HK\$484,719,000 (2009: HK\$1,025,401,000). Consequently, earnings per share (Basic) of the Group for the twelve months ended 31 December 2010 decreased to HK\$0.87 compared to HK\$1.97 in 2009.

However, the Group's net asset value per share as at 31 December 2010 has increased to HK\$4.81 (2009: HK\$3.56).

REVIEW OF OPERATIONS

During the twelve months under review, concerns such as the possible loss of momentum of the global recovery, the sustainability of fiscal position of some western countries, the geo-political tensions and extreme weather conditions in several regions of the world, and the worsening problem of inflation confronting the PRC continued to weigh on market sentiments causing significant instability in the financial markets. Against this backdrop, although the Group's business in trading and investment in financial securities recorded a higher turnover to HK\$1,679,961,000 (2009: HK\$1,079,219,000), profit was lower at HK\$241,284,000 (2009: HK\$890,896,000), mainly due to the decrease in gain from change in fair value of investments held for trading of HK\$207,767,000 (2009: HK\$771,208,000) and a net loss on disposal of available-for-sale investments of HK\$4,093,000 (2009: Gain of HK\$119,344,000). As at 31 December 2010, the Group maintained a portfolio of available-for-sale investments of HK\$458,019,000 (2009: HK\$392,264,000), loan notes of HK\$56,692,000 (2009: Nil) and a trading portfolio of HK\$1,298,805,000 (2009: HK\$1,525,691,000).

During the period under review, the Group's money lending business achieved a turnover of mainly interest income of HK\$67,316,000 (2009: HK\$32,425,000) and a profit of HK\$65,123,000 (2009: HK\$33,216,000) despite a low interest rate environment. As at 31 December 2010, the Group's loan portfolio amounted to HK\$340,663,000 (2009: HK\$389,425,000).

The Group's investment properties located in Hong Kong and China recorded a rental income of HK\$2,766,000 (2009: HK\$3,358,000) and a profit of HK\$29,086,000 (2009: HK\$21,132,000) mainly attributed to the gain from fair value changes on investment properties of HK\$27,120,000 (2009: HK\$18,570,000). As at 31 December 2010, the Group's investment properties portfolio amounted to HK\$127,495,000 (2009: HK\$100,375,000).

There was no profit for the period from discontinued operation (2009: HK\$123,241,000).

PRINCIPAL ASSOCIATED COMPANIES

The share of profits of associates of the Group for the twelve months ended 31 December 2010 increased to HK\$186,883,000 (2009: HK\$3,365,000) following the Group's further acquisitions and subscription of shares in its associates. As at 31 December 2010, the Group's investments in associates increased substantially to HK\$1,449,370,000 from HK\$5,368,000 in 2009.

Mabuhay Holdings Corporation ("MHC") – approximately 34% owned by the Group

During the first half of 2010, the Group further acquired shares of 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 real estate projects, which are in the initial phase of development, in the Binangonan area of Rizal Province close to Metro-Manila in the Philippines. MHC will be announcing its results for the year ended 31 December 2010 subsequent to the Group's second interim announcement. The Group has incorporated the consolidated results of MHC based on its unaudited management accounts.

Extra Earn Holdings Limited ("Extra Earn") – 40% owned by the Group

In June 2010, the Group subscribed for 180,000 new shares of Extra Earn for a cash consideration of US\$18,000,000 which resulted in Extra Earn becoming 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 aggregate of US\$30,000,000 for Extra Earn's general investment, acquisition and working capital purposes. Extra Earn is an investment holding company and through its PRC subsidiaries engaged in urban infrastructure development, property development, hospital ownership and operations, and other investments in the PRC.

In respect of hospital ownership and operations, principally comprising the Nanjing Tongren Hospital which was opened in 2007 with 1,200 beds; and the Kunming Tongren Hospital which was opened in 2010 with 500 beds, both of which are integrated hospitals offering a wide range of comprehensive clinical and healthcare services.

APAC Resources Limited (“APAC”) – approximately 27.5% owned by the Group

During the third quarter of 2010, the Group further acquired shares of APAC to increase its shareholding in APAC to approximately 27.5%, making APAC an associate of the Group. APAC is a company incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited (stock code: 1104). APAC and its subsidiaries are principally engaged in trading in base metals and commodities and also trading and investment in listed securities with a portfolio primarily focused on natural resources and related sectors and industries. During the twelve months ended 31 December 2010, APAC recorded substantial increase in revenue of HK\$848,699,000 (2009: HK\$301,420,000) and profit attributable to shareholders of HK\$1,104,447,000 (2009: HK\$372,603,000) mainly attributed to the increased contributions from its trading in iron ores, trading and investment in listed securities and share of profit from its principal listed associates in Australia, namely Mount Gibson Iron Limited (“MGX”) and Metals X Limited (“MLX”).

MGX is a multi-operation hematite iron ore producer exporting lump and fine iron ore products principally to China. Currently MGX operates two mines, Talling Peak and Koolan Island and with the third mine being under development at Extension Hill in West Australia. For the twelve months ended 31 December 2010, MGX recorded a sale revenue of A\$676.1 million (2009: A\$437.5 million) and a net profit of A\$233 million (2009: A\$68.7 million) as a result of strong sale volumes from operations and strengthening iron ore prices.

MLX is Australia’s largest tin producer with its operations mainly located in Tasmania and holds one of the world’s largest nickel projects at Wingellina in Western Australia. Further, MLX also holds a number of strategic investments including interest in various Australian listed companies namely Jabiru Metals Limited, Westgold Resources Limited and Aragon Resources Limited.

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

As at 31 December 2010, the Group's non-current assets of HK\$2,091,885,000 (2009: HK\$494,922,000) consisted of investment properties of HK\$127,495,000 (2009: HK\$100,375,000); property, plant and equipment of HK\$4,117,000 (2009: HK\$3,437,000); interests in associates of HK\$1,449,370,000 (2009: HK\$5,368,000), available-for-sale investments of HK\$454,211,000 (2009: HK\$385,742,000) and loan notes of HK\$56,692,000 (2009: Nil). These non-current assets are principally financed by shareholders' fund. As at 31 December 2010, the Group had net current assets of HK\$748,253,000 (2009: HK\$1,759,081,000) and current ratio of 1.68 times (2009: 6.12 times), calculated on the basis of the Group's current assets over current liabilities.

During the period under review, as a result of the partial redemption by the Group, the outstanding principal value of the Company's 9% unsecured three-year convertible bonds has been reduced to HK\$118,000,000 as at 31 December 2010 (2009: HK\$236,000,000).

As at 31 December 2010, the total borrowings of the Group amounted to HK\$1,056,869,000 (2009: HK\$419,661,000) including current liabilities of other borrowings of HK\$948,623,000 (2009: HK\$201,565,000) and non-current liabilities of convertible bonds of HK\$108,246,000 (2009: HK\$218,096,000). As at 31 December 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 34.4% compared to 14.7% on 31 December 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 31 December 2010, the Group's investments held for trading of HK\$689,376,000 (2009: HK\$962,510,000), available-for-sale investments of HK\$326,882,000 (2009: HK\$240,227,000) and bank balances of HK\$4,445,000 (2009: HK\$9,151,000) 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 31 December 2010 (2009: 16). 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

As the global financial markets are expected to continue to be volatile in the first half of 2011, the Group will remain cautious in its investment approach and strategy. However it is believed that there will be attractive investment opportunities available as companies and businesses become grossly undervalued. The Group will continue to seek and identify such opportunities in China, Hong Kong and the Asia Pacific region to improve its financial performance and enhance value for shareholders.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at 31 December 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 AND UNDERLYING SHARES OF THE COMPANY

Name of Director	Number of shares and Underlying shares held			Total	Approximate % of interest held over issued shares
	Personal interests	Corporate interests	Other interests		
Ms. Chong Sok Un ("Ms. Chong")	–	390,325,707 (Note)	–	390,325,707	70.11%

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

Save as disclosed above, as at 31 December 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 31 December 2010, the following parties had interests or short positions in the shares (the “Shares”) and underlying shares (the “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 AND UNDERLYING SHARES OF THE COMPANY

Name	Capacity	Number of Shares and Underlying Shares held	Approximate% of interest held over 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)	120,000,000	21.56%
Lee and Lee Trust	Held by controlled corporation (Note 3)	133,333,333	23.95%
Allied Group Limited (“Allied Group”)	Held by controlled corporation (Note 4)	133,333,333	23.95%

Name	Capacity	Number of Shares and Underlying Shares held	Approximate% of interest held over issued Shares
Allied Properties (H.K.) Limited ("Allied Properties")	Held by controlled corporation (Note 5)	133,333,333	23.95%
AP Jade Limited ("AP Jade")	Held by controlled corporation (Note 5)	133,333,333	23.95%
AP Emerald Limited ("AP Emerald")	Held by controlled corporation (Note 5)	133,333,333	23.95%
Sun Hung Kai & Co. Limited ("SHK & Co.")	Held by controlled corporation (Note 6)	133,333,333	23.95%
Sun Hung Kai Securities Limited ("SHK Securities")	Held by controlled corporation (Note 7)	133,333,333	23.95%
Sun Hung Kai Structured Finance Limited ("SHK Structured Finance")	Held as security interest and beneficial owner (Note 8)	133,333,333	23.95%

Notes:

1. Vigor Online, a wholly-owned subsidiary of China Spirit, owns 390,325,707 Shares. Ms. Chong maintains 100% beneficial interests in China Spirit. Accordingly, Ms. Chong is deemed to have corporate interest in 390,325,707 Shares.
2. Mr. Ma has beneficial interest in HK\$90,000,000 convertible bonds of the Company convertible into 120,000,000 Shares.
3. Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together own approximately 53.24% interest in the issued share capital of Allied Group and are therefore deemed to have the same interest held by Allied Group.
4. Allied Group owns approximately 72.34% interest in the issued share capital of Allied Properties and is therefore deemed to have the same interest held by Allied Properties.
5. Through AP Jade and AP Emerald, direct and indirect wholly-owned subsidiaries of Allied Properties respectively, Allied Properties owns approximately 62.72% interest in the issued share capital of SHK & Co. and is therefore deemed to have the same interest held by SHK & Co.
6. SHK & Co. is deemed to have interest in HK\$100,000,000 convertible bonds of the Company convertible into 133,333,333 Shares through its 100% interest in SHK Securities.
7. SHK Securities is deemed to have interest in HK\$100,000,000 convertible bonds of the Company convertible into 133,333,333 Shares through its 100% interest in SHK Structured Finance.
8. SHK Structured Finance owns HK\$100,000,000 convertible bonds of the Company convertible into an aggregate of 133,333,333 Shares in which (i) HK\$90,000,000 convertible bonds convertible into 120,000,000 Shares are held as security interest; and (ii) HK\$10,000,000 convertible bonds convertible to 13,333,333 Shares are held as beneficial interest.

Save as disclosed above, as at 31 December 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.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company (the “Management”) the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the second interim report (including unaudited interim condensed consolidated financial statements for the twelve months ended 31 December 2010). In carrying out this review, the Audit Committee has relied on a review conducted by the Group’s external auditor in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA as well as reports obtained from the Management. The Audit Committee has not undertaken detailed independent audit checks.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the “Code on CGP”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) during the twelve months ended 31 December 2010. Subsequent to the period ended 31 December 2010, the Company has following deviation:–

Code provision B.1.1

The code provision B.1.1 states that a majority of the members of the remuneration committee should be independent non-executive directors.

For the period from 1 January 2010 to 30 January 2011, the Remuneration Committee of the Company comprised of two executive directors, namely Dato' Wong Peng Chong and Mr. Kong Muk Yin and three independent non-executive directors, namely Mr. Lo Wai On, Mr. Lau Siu Ki and Mr. Zhang Jian. Due to the resignation of Mr. Lo Wai On as an independent non-executive director and a member of Remuneration Committee of the Company on 31 January 2011, there were only four members in the Remuneration Committee i.e. two executive directors and two independent non-executive directors and the Company technically deviated from the requirement as set out in the Code on CGP requiring a majority of the Remuneration Committee members being independent non-executive directors.

Following the appointment of Mr. Ma Wah Yan as an independent non-executive director and a member of Remuneration Committee of the Company on 8 March 2011, the aforesaid requirement has been complied with.

Non-compliance of rules 3.10 (1) and 3.21 of the Listing Rules

For the period from 1 January 2010 to 30 January 2011, the independent non-executive directors and the Audit Committee members of the Company were Mr. Lo Wai On, Mr. Lau Siu Ki and Mr. Zhang Jian. As Mr. Lo Wai On resigned as an independent non-executive director and the chairman of Audit Committee on 31 January 2011, the Company had not been able to comply with the requirements of rule 3.10(1) (minimum of three independent non-executive directors) and rule 3.21 (minimum of three audit committee members with majority of independent non-executive directors) of the Listing Rules (the said "Rules")

Following the appointment of Mr. Ma Wah Yan as an independent non-executive director and a member of Audit Committee of the Company on 8 March 2011, the said Rules have been complied with.

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 twelve months ended 31 December 2010.

CHANGE IN DIRECTOR’S INFORMATION

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

- Mr. Kong Muk Yin, an Executive Director of the Company, has been appointed as a Director of Mabuhay Holdings Corporation and Interport Resources Corporation, companies listed in The Philippine Stock Exchange, Inc., with effect from 23 September 2010 and has been re-designated from an Executive Director to a Non-Executive Director of ChinaVision Media Group Limited with effect from 30 December 2010.

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, 25 February 2011

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. Lau Siu Ki and Mr. Zhang Jian as Independent Non-Executive Directors.

- * *Mr. Ma Wah Yan has been appointed as an Independent Non-Executive Director of the Company on 8 March 2011.*