
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in COL Capital Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**COL Capital Limited**

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

(website: <http://www.colcapital.com.hk>)

DISCLOSEABLE TRANSACTION

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DEFINITIONS

In this circular, the following expressions have the meanings correspondingly ascribed below unless the context otherwise requires:

“Board”	the board of Directors
“Company”	COL Capital Limited, a company incorporated in Bermuda with limited liability, with its shares listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Extended Loan Facility”	the Loan Facility provided by Join Capital to Extra Earn be extended from US\$10,000,000 (equivalent to approximately HK\$78,000,000) to US\$15,000,000 (equivalent to approximately HK\$117,000,000) subject to the terms and conditions of the Supplemental Loan Agreement
“Extra Earn”	Extra Earn Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Extra Earn Mortgaged Shares”	all the issued shares of Extra Earn
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Join Capital”	Join Capital Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
“Latest Practicable Date”	1 February 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

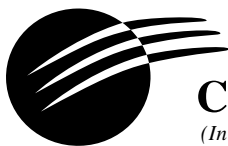
“Loan Agreement”	the loan agreement dated 27 November 2006 entered into between Join Capital as lender, Extra Earn as borrower and Lin Xu Ming and Ding Ming Shan, being the ultimate beneficial owners of the entire issued share capital of Extra Earn as guarantor
“Loan Facility”	the loan facility up to US\$10,000,000 (equivalent to approximately HK\$78,000,000) provided by Join Capital to Extra Earn subject to the terms and conditions of the Loan Agreement
“Money Lenders Ordinance”	the Money Lenders Ordinance (Chapter 163 under the Laws of Hong Kong)
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 under the Laws of Hong Kong)
“Shareholders”	the shareholders of the Company
“Share Mortgage”	the share mortgage dated 27 November 2006 entered into between the shareholders of Extra Earn as mortgagors, and Join Capital as mortgagee, pursuant to which the shareholders of Extra Earn shall create a first fixed mortgage in favour of Join Capital over the Extra Earn Mortgaged Shares as a continuing security for the due and punctual payment of the loan and interest and the due and punctual performance of all the obligations of Extra Earn contained in the Loan Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Loan Agreement”	the supplemental loan agreement dated 16 January 2007 entered into between Join Capital as lender, Extra Earn as borrower and Lin Xu Ming and Ding Ming Shan, being the ultimate beneficial owners of the entire issued share capital of Extra Earn as guarantor

DEFINITIONS

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent

LETTER FROM THE BOARD



COL Capital Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

(website: <http://www.colcapital.com.hk>)

Executive Directors:

Ms. Chong Sok Un (*Chairman*)

Dato' Wong Peng Chong

Mr. Kong Muk Yin

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

Independent Non-Executive Directors:

Mr. Lo Wai On

Mr. Lau Siu Ki, Kevin

Mr. Zhang Jian

Head Office and Principal

Place of Business in Hong Kong:

47th Floor

China Online Centre

333 Lockhart Road

Wan Chai

Hong Kong

5 February 2007

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

1. INTRODUCTION

Reference is made to the announcement published by the Company on 28 November 2006 and the circular subsequently issued by the Company on 19 December 2006 whereby Join Capital entered into the Loan Agreement with Extra Earn, Lin Xu Ming and Ding Ming Shan, pursuant to which Join Capital agreed to make available to Extra Earn the Loan Facility up to US\$10,000,000 (equivalent to approximately HK\$78,000,000) for the working capital of Extra Earn in relation to the "Lian Yun Gang Korean Industrial City Land Development Project" (韓國工業城土地開發項目) in Lian Yun Gang, Jiang Su in PRC and Lin Xu Ming and Ding Ming Shan agreed to guarantee and indemnify Join Capital against all of Extra Earn's liability for repayment of the loan and interest under the Loan Agreement and Share Mortgage. The Loan Facility was secured by a Share Mortgage executed by shareholders of Extra Earn in favour of Join Capital in respect of the Extra Earn Mortgaged Shares.

LETTER FROM THE BOARD

The Company announced on 19 January 2007 that, Join Capital entered into the Supplemental Loan Agreement, pursuant to which Join Capital agreed to extend the Loan Facility available to Extra Earn under the Loan Agreement from US\$10,000,000 (equivalent to approximately HK\$78,000,000) to the Extended Loan Facility of US\$15,000,000 (equivalent to approximately HK\$117,000,000) with Lin Xu Ming and Ding Ming Shan agreeing to guarantee and indemnify Join Capital against all of Extra Earn's liability for repayment of the loan and interest under the Loan Agreement, the Supplemental Loan Agreement and the Share Mortgage.

As the applicable ratios under Rule 14.06 of the Listing Rules in respect of the Extended Loan Facility for the Company exceed 5% but are less than 25%, the transaction under the Supplemental Loan Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide the Shareholders with details of the Supplemental Loan Agreement and other information in accordance with the requirements of the Listing Rules.

2. THE SUPPLEMENTAL LOAN AGREEMENT

On 16 January 2007, Join Capital, Extra Earn, Lin Xu Ming and Ding Ming Shan entered into the Supplemental Loan Agreement, pursuant to which Join Capital agreed to extend the Loan Facility available to Extra Earn under the Loan Agreement from US\$10,000,000 (equivalent to approximately HK\$78,000,000) to the Extended Loan Facility of US\$15,000,000 (equivalent to approximately HK\$117,000,000) with Lin Xu Ming and Ding Ming Shan agreeing to guarantee and indemnify Join Capital against all of Extra Earn's liability for repayment of the loan and interest under the Loan Agreement, the Supplemental Loan Agreement and the Share Mortgage.

Saved as amended or modified by the Supplemental Loan Agreement, the Loan Agreement shall remain in full force and effect and are enforceable with its terms and binding upon the relevant contracting parties. The Supplemental Loan Agreement shall be read and construed as a supplement to, and shall form part of, the Loan Agreement.

3. REASONS FOR AND BENEFIT OF THE TRANSACTION

Join Capital is a licensed money lender. The provision of the Extended Loan Facility is a transaction carried out as part of the ordinary and usual course of business activities of Join Capital. The Extended Loan Facility will provide interest income to Join Capital.

The Directors consider that the Loan Agreement, the Supplemental Loan Agreement and the Share Mortgage are being entered into on normal commercial terms and are fair and reasonable as far as the Shareholders as a whole are concerned.

LETTER FROM THE BOARD

The Directors also confirm that, to the best of their knowledge, information and belief having made all reasonable enquiry, Extra Earn and its ultimate beneficial owners, Lin Xu Ming and Ding Ming Shan are independent third parties not connected with any of the Directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or their respective associates, as defined in the Listing Rules.

4. FINANCIAL EFFECT OF THE TRANSACTION

The Directors consider the transaction under the Supplemental Loan Agreement represents an opportunity to generate profit resulting from interest repayment under the Extended Loan Facility and that this will increase the revenue, earnings and net asset value of the Group.

Further, the Directors are of the view that the granting of the Extended Loan Facility will not have a material effect on the assets and liabilities of the Group.

5. LISTING RULES IMPLICATIONS

As the applicable percentage ratios under Rule 14.06 of the Listing Rules in respect of the Extended Loan Facility for the Company exceed 5% but are less than 25%, the transaction under the Supplemental Loan Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

6. INFORMATION OF THE COMPANY

The Company

The principal business activity of the Company is investment holding and through its subsidiaries engages in the distribution of telecommunications and information technology products, securities trading and investments, provision of financial services, property investment and strategic investment.

Join Capital

Join Capital is principally engaged in the money lending business and holds a money lenders licence under the Money Lenders Ordinance.

LETTER FROM THE BOARD

7. INFORMATION OF THE BORROWER

Extra Earn

The principal business activity of Extra Earn is investment holding. The principal activity of Extra Earn's subsidiary is property investment and development.

8. GENERAL

Your attention is drawn to the general information of the Company set out in the appendix to this circular.

Yours faithfully,
On behalf of the Board
COL Capital Limited
Chong Sok Un
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to in such provisions of the SFO; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules to be notified to the Company and the Stock Exchange:

Name of Director	Personal interests	Corporate interests	Other interests	Total	Percentage over all issued Shares
Ms. Chong Sok Un	–	106,512,400	–	106,512,400	37.65%
		(Note 1)			

Notes:

- (1) As at the Latest Practicable Date, Vigor Online Offshore Limited (“Vigor Online”), a wholly-owned subsidiary of China Spirit Limited (“China Spirit”) and Bilistyle Investments Limited (“Bilistyle”) held 105,248,000 and 1,264,400 ordinary shares of the Company respectively. Ms. Chong maintains 100% beneficial interests in both China Spirit and Bilistyle. Accordingly, Ms. Chong is deemed to have corporate interests in 106,512,400 ordinary shares of the Company.
- (2) The interests stated above represented long position.

(b) Substantial Shareholders' interests

Save as disclosed below, the Directors and the chief executive of the Company were not aware that there was any person who, as at the Latest Practicable Date, had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed under provisions of Division 2 and 3 of Part XV of the SFO, or who, as at the Latest Practicable Date, was directly and indirectly interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Group.

Name	Capacity	Number of Shares held	Percentage over all issued Shares
Ms. Chong Sok Un	Held by controlled corporation (Note 1 & 2)	106,512,400	37.65%
China Spirit Limited	Held by controlled corporation (Note 2)	105,248,000	37.21%
Vigor Online	Beneficial owner	105,248,000	37.21%

Note:

- As at the Latest Practicable Date, Bilistyle held 1,264,400 ordinary shares of the Company and Ms. Chong maintains 100% beneficial interest in Bilistyle. Accordingly, Ms. Chong is deemed to be interested in 1,264,400 ordinary shares of the Company under the SFO.
- As at the Latest Practicable Date, Vigor Online is a wholly-owned subsidiary of China Spirit in which Ms. Chong maintains 100% beneficial interest. Accordingly, China Spirit and Ms. Chong are deemed to be interested in 105,248,000 ordinary shares of the Company under the SFO.
- All interests stated above represented long positions.

3. SERVICE CONTRACTS OF THE DIRECTORS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates were considered to have interests in businesses apart from the Group's businesses which compete, or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

5. LITIGATION

- (a) In November 1998, a writ was issued against the Company's subsidiaries, Hongkong Digital Television Limited ("Digital TV", formerly Star Interactive Television Limited) and Star Telecom Services Limited ("STSL", formerly Hong Kong Star Internet Limited) by nCube Corporation ("nCube"), claiming the sum of approximately US\$1,980,000 (equivalent to approximately HK\$15,305,000) plus interest in relation to the alleged purchase of two MediaCube 3000 systems by Digital TV from nCube. The claim of nCube against STSL was on the basis of a chop of STSL on the contract between Digital TV and nCube. STSL had taken legal advice and had been advised that it was very unlikely that STSL would be held liable to the claim of nCube. Digital TV was also opposing the claim of nCube and had taken legal advice.

As advised by its lawyers, Digital TV had reasonable grounds in defending the claim and, accordingly, had not made any provision in the financial statements in connection with the claim. Digital TV filed a defence in this section on 14 December 1998 and nCube had failed to take further action since that date. There was no progress during the year in respect of the litigation.

- (b) Stellar One Corporation ("Stellar One") served a statutory demand under Section 178 of the Companies Ordinance for the sum of approximately US\$1,152,000 (equivalent to approximately HK\$8,983,000) upon Digital TV in November 1998. Stellar One filed a winding up petition against Digital TV in December 1998 which was vigorously opposed by Digital TV. Digital TV applied for an order for security for the costs against Stellar One. On 4 May 1999, the Court ordered Stellar One to pay HK\$200,000 to the court as security for the costs of Digital TV on or before 7 May 1999. Stellar One failed to pay that amount to the court.

The petition was dismissed in November 1999 and Stellar One was to pay Digital TV its cost of the petition, which amounted to HK\$254,000. Stellar One had indicated that it would proceed to arbitration in Honolulu to recover the alleged amount.

Digital TV took legal advice and was advised that the arbitration proceedings had not commenced as of the date of this document. As advised by its lawyers, Digital TV had reasonable grounds in defending the claims and, accordingly, had not made any provision in the financial statements in connection with the claims.

Save and except for the matters specified above, neither the Company nor any of its subsidiaries is engaged in any litigation or claims of material importance and, so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against any companies of the Group.

6. GENERAL

- (a) The registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.
- (b) The head office and principal place of business in Hong Kong of the Company is 47th Floor, China Online Centre, 333 Lockhart Road, Wan Chai, Hong Kong.
- (c) The secretary of the Company is Ms. Fung Ching Man, Ada, an associate member of the Institute of Chartered Secretaries and Administrators.
- (d) The qualified accountant of the Company is Mr. Kong Muk Yin. He graduated from City University of Hong Kong with a bachelor's degree in business studies. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.
- (e) The principal share registrar and transfer office is Butterfield Fund Services (Bermuda) Limited, Rosebank Centre, 11 Bermudiana Road, Pembroke HM 08, Bermuda.
- (f) The Hong Kong branch share registrar of the Company is Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong.
- (g) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.