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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you have sold or otherwise 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)**

**MAJOR TRANSACTION  
RELATING TO  
THE PROVISION OF LOAN**

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A letter from the Board (as defined in this circular) is set out on pages 5 to 11 of this circular.

31 July 2012

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## DEFINITIONS

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

“Announcement”	the announcement dated 27 June 2012 issued by the Company in relation to the provision of the Loan
“Banking Day”	a day (excluding Saturday and Sunday) on which banks are generally open for business in Hong Kong
“Board”	the board of Directors of the Company
“Borrower 1”	Lucky Full Investment Limited, a company incorporated in Hong Kong with limited liability and wholly and beneficially owned by Sunshine City
“Borrower 2”	Union Profit International Limited, a company incorporated in Hong Kong with limited liability and wholly and beneficially owned by Sunshine City
“Borrowers”	collectively Borrower 1 and Borrower 2
“Company”	COL Capital Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Debentures”	collectively the Lucky Full Debenture and the Union Profit Debenture
“Deeds of Assignment and Subordination”	collectively the Think Future Deed of Assignment and Subordination 1 and the Think Future Deed of Assignment and Subordination 2
“Directors”	the directors of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Independent Third Party(ies)”	party(ies) who, together with his/her ultimate beneficial owner(s) is/are persons independent of the Company and its connected persons
“Latest Practicable Date”	26 July 2012 being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Lender”	Join Capital Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	means a short term loan of aggregate amount in the limit of up to HK\$400,000,000 consisting as to (i) HK\$308,000,000 to Borrower 1, and (ii) HK\$92,000,000 to Borrower 2 (or other foreign currency equivalent thereof as shall be agreed by the parties in writing)
“Loan Agreement”	the loan agreement dated 27 June 2012 and entered into between the Lender, the Borrowers and the Securing Parties relating to the granting of the Loan
“Lucky Full Debenture”	the debenture to be entered into between the Borrower 1 and the Lender
“Lucky Full Share Mortgage”	the share mortgage to be entered into between Sunshine City and the Lender in respect of one issued share of HK\$1.00 each of Borrower 1
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Security Documents”	collectively the Share Mortgages, the Debentures and the Deeds of Assignment and Subordination

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## DEFINITIONS

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“Securing Party 1”	Think Future
“Securing Party 2”	Tide Holdings
“Securing Party 3”	Sunshine City
“Securing Parties”	collectively Securing Party 1, Securing Party 2 and Securing Party 3
“SFO”	the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Mortgages”	collectively Lucky Full Share Mortgage, Union Profit Share Mortgage, Sunshine City Share Mortgage, Tide Holdings Share Mortgage, Think Future Share Mortgage 1 and Think Future Share Mortgage 2
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunshine City”	Sunshine City (China) Limited, a company incorporated in Hong Kong with limited liability and wholly and beneficially owned by Tide Holdings
“Sunshine City Share Mortgage”	the share mortgage to be entered into between Tide Holdings and the Lender in respect of one issued share of HK\$1.00 each of Sunshine City
“Think Future”	Think Future Investments Limited, a company incorporated in British Virgin Islands with limited liability
“Think Future Deed of Assignment and Subordination 1”	the deed of assignment and subordination to be executed by Jian Xiang Limited and Think Future in favour of the Lender
“Think Future Deed of Assignment and Subordination 2”	the deed of assignment and subordination to be executed by Great Kingdom Holdings Limited and Think Future in favour of the Lender

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## DEFINITIONS

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“Think Future Share Mortgage 1”	the share mortgage to be entered into between Jian Xiang Limited and the Lender in respect of 200 issued shares of US\$1.00 each of Think Future
“Think Future Share Mortgage 2”	the share mortgage to be entered into between Great Kingdom Holdings Limited and the Lender in respect of 400 issued shares of US\$1.00 each of Think Future
“Tide Holdings”	Tide Holdings (H.K.) Limited, a company incorporated in Hong Kong with limited liability and wholly and beneficially owned by Think Future
“Tide Holdings Share Mortgage”	the share mortgage to be entered into between Think Future and the Lender in respect of one issued share of HK\$1.00 each of Tide Holdings
“Union Profit Debenture”	the debenture to be entered into between the Borrower 2 and the Lender
“Union Profit Share Mortgage”	the share mortgage to be entered into between Sunshine City and the Lender in respect of one issued share of HK\$1.00 each of the Borrower 2
“Vigor Online”	Vigor Online Offshore Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling Shareholder holding 390,325,707 Shares representing approximately 71.56% of the entire issued share capital of the Company as at the date of the Loan Agreement
“%”	per cent

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## LETTER FROM THE BOARD

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### **COL Capital Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 383)**

*Executive Directors:*

Ms. Chong Sok Un (*Chairman*)

Dato' Wong Peng Chong

Mr. Kong Muk Yin

*Independent Non-executive Directors:*

Mr. Lau Siu Ki

Mr. Ma Wah Yan

Mr. Zhang Jian

*Registered Office:*

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

*Head office and principal place of  
business in Hong Kong:*

47th Floor  
China Online Centre  
333 Lockhart Road  
Wan Chai  
Hong Kong

31 July 2012

*To the Shareholders*

Dear Sir or Madam,

### **MAJOR TRANSACTION RELATING TO THE PROVISION OF LOAN**

This circular is despatched to Shareholders for information purpose only. No general meeting will be convened for approving the making of the Loan as Vigor Online, the controlling Shareholder holding 390,325,707 Shares, representing approximately 71.56% of the issued share capital of the Company as at the date of the Loan Agreement, has already provided a written approval of the making of the Loan. Furthermore, as no Shareholder has material interest in the Loan which is different from other Shareholders, no Shareholder would be required to abstain from voting in respect of the making of the Loan if a general meeting were convened for approving the making of the Loan.

### **INTRODUCTION**

Reference is made to the Announcement whereby the Board announced that on 27 June 2012 (after trading hours), the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrowers and the Securing Parties, pursuant to which the Lender has agreed to lend to the Borrowers the Loan.

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## LETTER FROM THE BOARD

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The Loan is to be secured by (i) the Lucky Full Share Mortgage; (ii) the Union Profit Share Mortgage; (iii) the Sunshine City Share Mortgage; (iv) the Tide Holdings Share Mortgage; (v) the Think Future Share Mortgage 1; (vi) the Think Future Share Mortgage 2; (vii) the Lucky Full Debenture; (viii) the Union Profit Debenture; (ix) the Think Future Deed of Assignment and Subordination 1; (x) the Think Future Deed of Assignment and Subordination 2; and any other documents executed from time to time by whatever person as a further guarantee of or security for all or any part of the Borrowers' obligations under the Loan Agreement.

As the relevant Percentage Ratios for the making of the Loan under Rule 14.07 exceeds 25% but is below 100%, the granting of the Loan constitutes a major transaction for the Company and is subject to approval by Shareholders. The Company has obtained a written shareholder's approval for the Loan from Vigor Online which holds approximately 71.56% of the total issued share capital of the Company as at the date of the Loan Agreement. Accordingly, no general meeting for the Shareholders' approval of the Loan will be held.

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

### THE LOAN AGREEMENT

<b>Date</b>	: 27 June 2012
<b>Lender</b>	: Join Capital Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
<b>Borrower 1</b>	: Lucky Full Investment Limited, a company incorporated in Hong Kong with limited liability
<b>Borrower 2</b>	: Union Profit International Limited, a company incorporated in Hong Kong with limited liability
<b>Securing Party 1</b>	: Think Future Investments Limited, a company incorporated in British Virgin Islands with limited liability
<b>Securing Party 2</b>	: Tide Holdings (H.K.) Limited, a company incorporated in Hong Kong with limited liability
<b>Securing Party 3</b>	: Sunshine City (China) Limited, a company incorporated in Hong Kong with limited liability



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## LETTER FROM THE BOARD

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To the best knowledge, information and belief of the Directors having made all reasonable enquiry and as confirmed by the Borrowers, save for the Group's holding of approximately 33.33% of the issued share capital of Think Future, the Borrowers and their ultimate beneficial owners are Independent Third Parties not connected with the Company and connected persons of the Company.

### **Principal terms of the Loan Agreement**

#### **Principal Amount of the Loan:**

A short term loan of aggregate amount in the limit of up to HK\$400,000,000 consisting as to (i) HK\$308,000,000 to Borrower 1, and (ii) HK\$92,000,000 to Borrower 2 (or other foreign currency equivalent thereof as shall be agreed by the parties in writing).

#### **Term:**

A period of one month. The Borrowers are entitled to make early and full repayment of the Loan without penalty by giving at least three Banking Days' prior written notice to the Lender.

The Loan has been fully repaid on 11 July 2012.

#### **Purpose:**

The Loan shall be applied and used by the Borrowers for its short term general working capital purpose.

#### **Interest:**

12% per annum, payable upon the repayment date of the Loan.

#### **Security Documents:**

- (1) The Share Mortgages
- (2) The Debentures
- (3) The Deeds of Assignment and Subordination

#### **Share Mortgages:**

The Share Mortgages comprise of the:-

- (a) Lucky Full Share Mortgage in respect of the mortgage of one (1) share, representing the entire issued share capital of the Borrower 1, duly executed by Sunshine City;

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## LETTER FROM THE BOARD

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- (b) Union Profit Share Mortgage in respect of the mortgage of one (1) share, representing the entire issued share capital of the Borrower 2, duly executed by Sunshine City;
- (c) Sunshine City Share Mortgage in respect of the mortgage of one (1) share, representing the entire issued share capital of Sunshine City, duly executed by Tide Holdings;
- (d) Tide Holdings Share Mortgage in respect of the mortgage of one (1) share, representing the entire issued share capital of Tide Holdings, duly executed by Think Future;
- (e) Think Future Share Mortgage 1 in respect of the mortgage of two hundred (200) shares, representing approximately 22.22% of the entire issued share capital of Think Future, duly executed by Jian Xiang Limited, an Independent Third Party; and
- (f) Think Future Share Mortgage 2 in respect of the mortgage of four hundred (400) shares, representing approximately 44.45% of the entire issued share capital of Think Future, duly executed by Great Kingdom Holdings Limited, an independent third party.

### **Debentures:**

The Debentures comprise of the: –

- (a) Lucky Full Debenture executed by the Borrower 1 and the Lender in connection with the provision of security for the Loan; and
- (b) Union Profit Debenture executed by the Borrower 2 and the Lender in connection with the provision of security for the Loan.

By the Debentures, all undertaking, property and rights (including the interest of a piece of land) of the Borrowers (both present and future) have been charged by the Borrowers to the Lender.

### **Deeds of Assignment and Subordination:**

The Deeds of Assignment and Subordination comprise of the: –

- (a) Think Future Deed of Assignment and Subordination 1 of an amount of HK\$20,632,772 due from Think Future to Jian Xiang Limited executed by Jian Xiang Limited and Think Future in favour of the Lender; and
- (b) Think Future Deed of Assignment and Subordination 2 of an amount of HK\$40,000,000 due from Think Future to Great Kingdom Holdings Limited executed by Great Kingdom Holdings Limited and Think Future in favour of the Lender.

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## LETTER FROM THE BOARD

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### **Others:**

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

The terms of the Loan Agreement and the Security Documents were arrived at after arm's length negotiations between the Lender, the Borrowers and the Securing Parties. The Lender is a licensed money lender and its principal activity is the provision of financial services.

The provision of the Loan is a transaction carried out as part of the ordinary and usual course of business activities of the Lender. The Loan will be funded by borrowings of the Group. The terms of the Loan including the interest rate were determined with reference to the commercial practice and the terms of doing business of those companies engaging in money lending business in Hong Kong.

The Directors consider that the transactions contemplated by the Loan Agreement is on normal commercial terms and the terms of the Loan Agreement and the Security Documents are fair and reasonable and are in the interests of the Company and its Shareholders as a whole having considered the current market norm in relation to similar transactions and having taken into account the interest to be received by the Lender. As such, the Company will receive monetary benefits, representing the difference between the costs of borrowing and interest to be received, in providing the Loan.

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

### **INFORMATION ON THE GROUP**

The principal business of the Company is investment holding and through its subsidiaries engaged in securities trading and investments, provision of financial services, property investment and strategic investment.

### **INFORMATION ON THE BORROWER**

The principal business of Borrower 1 and Borrower 2 is investment holding and property development in PRC respectively. The Borrowers have collectively bid for a piece of land of 161 Mu in Zhu Jia Jiao County, Shanghai, PRC at an acquisition price of RMB258 million and plan to develop the same into a showcase project comprising health industry headquarters and base, offering health and care services packages to the elderly.

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## LETTER FROM THE BOARD

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### REASONS FOR PROVISION OF THE LOAN

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

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

As a result of the granting of the Loan, the loans receivable and borrowings of the Group had been increased. The receipts of interest income will increase the revenue and the earnings of the Group.

### IMPLICATIONS UNDER THE LISTING RULES

As the relevant Percentage Ratios for the making of the Loan exceeds 25% but is below 100%, the granting of the Loan constitutes a major transaction of the Company pursuant to Chapter 14 of the Listing Rules. The granting of the Loan is subject to approval by Shareholders. The Company has obtained a written shareholder's approval for the Loan from Vigor Online which holds approximately 71.56% of the total issued share capital of the Company as at the date of the Loan Agreement. Accordingly, no general meeting for the Shareholders' approval of the Loan will be held. As no Shareholder has a material interest in the Loan which is different from other shareholders of the Company, no Shareholder is required to abstain from the voting in respect of the Loan.

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

### FUTURE PROSPECTS OF THE GROUP

The sluggish rebound of the US economy and the endless tribulations and ongoing struggles to provide concrete measures to solve the Eurozone sovereign debt crisis has already had a negative impact on emerging markets. Given that these fundamental problems will continue to prevail and adversely affect the global economy and financial markets, it is expected that the economic outlook for 2012 will remain gloomy and the market sentiments will be constrained. Following the disposal of part of its investment portfolio, the Group will continue to review and rationalize its investment portfolio and strategies, and its business scope with a view to improving its financial performance.

Although market conditions will be difficult, the Group believes that there will be attractive investment opportunities available as companies and businesses become grossly undervalued. The Group has not identified any business opportunity as at the Latest Practicable Date. 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.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

Although no general meeting will be convened for approving the making of the Loan, the Board considers that the transactions contemplated by the Loan Agreement and the Security Documents are on normal commercial terms and the terms of the Loan Agreement and the Security Documents are fair and reasonable and are in the interests of the Company and its Shareholders taken as a whole. Accordingly, if a general meeting were convened for approving the making of the Loan, the Board would have recommended the Shareholders to vote in favour of the making of the Loan.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

**1. FINANCIAL INFORMATION**

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year for the Group.

- (a) the 6-month period ended 31 December 2011 (unaudited) is disclosed in the Company's 2011/2012 interim report published on 27 February 2012 from pages 1 to 21. Please also see below hyperlink to the Interim Report 2011/2012:

<http://www.hkexnews.hk/listedco/listconews/sehk/2012/0329/LTN20120329094.pdf>

- (b) the 18-month period ended 30 June 2011 is disclosed in the Company's 2010/2011 annual report published on 22 September 2011 from pages 26 to 110. Please also see below hyperlink to the Annual Report 2010/2011:

<http://www.hkexnews.hk/listedco/listconews/sehk/2011/1031/LTN20111031009.pdf>

- (c) the year ended 31 December 2009 is disclosed in the Company's 2009 annual report published on 13 April 2010 from pages 25 to 102. Please also see below hyperlink to the Annual Report 2009:

<http://www.hkexnews.hk/listedco/listconews/sehk/2010/0429/LTN201004291401.pdf>

- (d) the year ended 31 December 2008 is disclosed in the Company's 2008 annual report published on 23 April 2009 from pages 26 to 90. Please also see below hyperlink to the Annual Report 2008:

<http://www.hkexnews.hk/listedco/listconews/sehk/2009/0429/LTN200904291544.pdf>

**2. STATEMENT OF INDEBTEDNESS**

At the close of business on 30 June 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had an outstanding securities margin loans of approximately HK\$1,340,196,000 and secured term loans of HK\$164,908,000. As at 30 June 2012, the Group's investments held for trading, available-for-sale investments and securities brokers house deposits with respective carrying values of approximately HK\$1,072,960,000, HK\$140,062,000 and HK\$7,801,000 respectively were pledged to securities brokers houses to secure short term credit facilities granted to the Group. The securities margin loans were secured by the Group's pledged marketable securities and securities broker house deposits.

Save as aforesaid, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 30 June 2012 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments charges, guarantees or other material contingent liabilities.

### **3. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account of the effect of the provision of the Loan, the Group's existing cash and bank balances, the present available credit facilities and margin loan facilities and the expected internally generated funds, the Group has sufficient working capital for its present requirement for the next twelve months from the date of this circular.

### **4. LITIGATION**

The material litigations/claims of the Group as at the Latest Practicable Date are disclosed in the paragraph headed "Litigation" in Appendix II. Save as aforesaid, the Group had no other material litigation as at the Latest Practicable Date.

### **5. MATERIAL ADVERSE CHANGE**

Save for the profit warning announced by the Company on 20 January 2012 and the announcement of interim result for six months ended 31 December 2011 announced by the Company on 27 February 2012 regarding the record of a loss for the six months ended 31 December 2011 as compared to a profit for the corresponding period in 2010, as at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospect of the Group since 30 June 2011, the date to which the latest published audited financial statements of the Group were made up.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' interests

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

#### Long position in the Shares

Name of Director	Number of ordinary shares of HK\$0.01 each				Total	Percentage of issued ordinary shares
	Personal interests	Family interests	Corporate interests	Other interests		
Ms. Chong Sok Un ("Ms. Chong")	–	–	390,325,707 (Note)	–	390,325,707	71.56%

*Note:*

Vigor Online Offshore Limited, a wholly-owned subsidiary of China Spirit Limited ("China Spirit"), owns 390,325,707 ordinary shares of the Company. 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.



**(b) Substantial Shareholders' interests**

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

**Long positions in the Shares**

<b>Name</b>	<b>Capacity</b>	<b>Number of ordinary shares held</b>	<b>Percentage of issued ordinary shares</b>
Ms. Chong Sok Un ("Ms. Chong")	Held by controlled corporation ( <i>Note</i> )	390,325,707	71.56%
China Spirit Limited ("China Spirit")	Held by controlled corporation ( <i>Note</i> )	390,325,707	71.56%
Vigor Online Offshore Limited ("Vigor Online")	Beneficial owner ( <i>Note</i> )	390,325,707	71.56%

*Note:*

Vigor Online, a wholly-owned subsidiary of China Spirit, owns 390,325,707 ordinary shares of the Company. 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.

**3. DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

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

**4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS**

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 30 June 2011 (being the date to which the latest published audited accounts of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

**5. DIRECTORS' SERVICE CONTRACTS**

- (a) As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).
- (b) There are no service contracts in force between any Director and the Company or any of its subsidiaries or associated companies which are continuous contracts with a notice period of 12 months or more.
- (c) There are no service contracts in force between any Director and the Company or any of its subsidiaries or associated companies which are fixed term contracts with more than 12 months to run irrespective of the notice period.

**6. LITIGATION**

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

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

- (b) Stellar One Corporation (“Stellar One”) served a statutory demand under Section 178 of the Companies Ordinance for the sum of approximately US\$1,152,000 (equivalent to approximately HK\$8,983,000) upon Digital TV in November 1998. Stellar One filed a winding up petition against Digital TV in December 1998 which was vigorously opposed by Digital TV. Digital TV applied for an order for security for the costs against Stellar One. On 4 May 1999, the Court ordered Stellar One to pay HK\$200,000 to the court as security for the costs of Digital TV on or before 7 May 1999. Stellar One failed to pay that amount to the court. The petition was dismissed in November 1999 and Stellar One was to pay Digital TV its cost of the petition, which amounted to HK\$254,000. Stellar One had indicated that it would proceed to arbitration in Honolulu to recover the alleged amount. Digital TV took legal advice and was advised that the arbitration proceedings had not commenced as of the date of this document.

As advised by its lawyers, Digital TV had reasonable grounds in defending the claims and, accordingly, had not made any provision in the consolidated financial statements in connection with the claims.

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

## 7. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this circular and ending on the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group which are or may be material:

- (a) the agreement dated 3 September 2010 entered into between Mission Time Holdings Limited (“Mission Time”), a wholly-owned subsidiary of the Company, and Ms. Yong Pit Chin (“Ms. Yong”) in relation to the disposal of the loan note at a book carrying value of US\$5,018,216.81 of the US\$56,000,000 zero coupon notes due 2012 issued by Mulpha SPV Limited (“Mulpha SPV”) to Ms. Yong at an aggregate consideration of HK\$40,000,000;
- (b) the loan agreement dated 9 September 2010 entered into between Join Capital Limited (“Join Capital”), an indirect wholly-owned subsidiary of the Company, as lender and Mr. He Peng (“Mr. He”) as borrower in relation to a loan facility of up to HK\$255 million granted by Join Capital to Mr. He (the “He Peng Loan Agreement”);

- (c) the agreement dated 27 September 2010 entered into between Mission Time and Mr. Chew Chee Choong (“Mr. Chew”) in relation to the disposal of the loan note at a book carrying value of US\$3,739,600.84 of the US\$56,000,000 zero coupon notes due 2012 issued by Mulpha SPV to Mr. Chew at a consideration of HK\$30,000,000;
- (d) the agreement dated 27 September 2010 entered into between Mission Time and Jumboview Limited (“Jumboview”) in relation to the disposal of the loan note at a book carrying value of US\$5,484,747.89 of the US\$56,000,000 zero coupon notes due 2012 issued by Mulpha SPV to Jumboview at a consideration of HK\$44,000,000;
- (e) the underwriting agreement dated 4 October 2010 entered into between Spring Idea Limited, an indirect wholly-owned subsidiary of the Company and Nexbis Limited (“Nexbis”) relating to the underwriting of certain number of new shares to be issued and allotted by Nexbis under a rights issue in an amount up to AUD\$9 million;
- (f) the deed of variation dated 25 November 2010 entered into between Join Capital and Mabuhay Holdings Corporation (“Mabuhay”) relating to the extension of the repayment date of the loan facility of up to US\$4.5 million granted under a loan agreement dated 25 May 2010 entered into between Join Capital and Mabuhay relating to the granting of a loan facility of up to US\$4.5 million by Join Capital to Mabuhay;
- (g) a loan agreement dated 4 January 2011 entered into between Join Capital and Mabuhay relating to the granting of a loan facility of up to HK\$20 million by Join Capital to Mabuhay (the “Mabuhay Loan Agreement”);
- (h) a supplemental agreement dated 29 April 2011 entered into between Join Capital and Mr. He in relation to the extension of the repayment date under the He Peng Loan Agreement to 31 August 2011;
- (i) a loan agreement dated 22 June 2011 entered into between Join Capital and Mabuhay relating to the granting of a loan facility of up to US\$3,200,265.11 by Join Capital to Mabuhay;
- (j) the agreement dated 12 July 2011 entered into between Mission Time and Capital Sharp Investment Limited (“Capital Sharp”) in relation to the disposal of the loan note at a book carrying value of US\$7,285,898.30 of the US\$56,000,000 zero coupon notes due 2012 issued by Mulpha SPV to Capital Sharp at a consideration of US\$8,073,773.38;

- (k) the agreement dated 24 May 2011 (the “Disposal Agreement”) entered into between the Company, Besford International Limited (“Besford”), a direct wholly-owned subsidiary of the Company, New Able Holdings Limited and Allied Overseas Limited for the sale and purchase of (i) one share in the issued share capital of Taskwell Limited (“Taskwell”), an indirect wholly-owned subsidiary of the Company; (ii) one share in the issued share capital of Rise Cheer Investments Limited (“Rise Cheer”), an indirect wholly-owned subsidiary of the Company; and (iii) all the interests, benefits and rights of and in the shareholder’s loan owed by Taskwell and Rise Cheer to Besford as at the date of completion of the said disposal pursuant to the Disposal Agreement;
- (l) a loan agreement dated 4 August 2011 entered into between Join Capital as lender and Mr. Yuen Hoi Po (“Mr. Yuen”) as borrower, relating to a short term loan of up to HK\$53,000,000 granted by Join Capital to Mr. Yuen;
- (m) a supplemental agreement dated 10 January 2012 entered into between Join Capital, Mabuhay and T & M Holdings, Inc, a wholly-owned subsidiary of Mabuhay, relating to the extension of the repayment date under the Mabuhay Loan Agreement to 10 January 2013;
- (n) the sale and purchase agreement dated 16 March 2012 entered into between Yu Ming Investment Management Limited (“Yu Ming”) as purchaser and Action Best Limited (“Action Best”), an indirect wholly-owned subsidiary of the Company, as vendor in relation to the disposal of the 8% senior, unsecured convertible notes issued by FKP Limited due 2016 in a principal sum of AUD\$4 million (“S&P Agreement I”);
- (o) the sale and purchase agreement dated 16 March 2012 entered into between Attractive Gain Limited as purchaser and Action Best as vendor in relation to the disposal of the 8% senior, unsecured convertible notes issued by FKP Limited due 2016 in a principal amount of AUD\$21 million;
- (p) a deed of variation dated 17 April 2012 entered into between Yu Ming and Action Best pursuant to which, inter alia, the parties mutually agreed to extend the long stop date of S&P Agreement I to 15 May 2012;
- (q) the Loan Agreement; and
- (r) the Security Documents.

Save as disclosed above, there are no other contracts (not being contracts in the ordinary course of business) being entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date, which are or may be material.

**8. GENERAL**

- (a) The registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.
- (b) The head office and principal place of business in Hong Kong of the Company is 47th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong.
- (c) The secretary of the Company is Ms. Fung Ching Man, Ada. She is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (d) The principal share registrar and transfer office of the Company is Butterfield Fulcrum Group (Bermuda) Limited, Rosebank Centre, 11 Bermudiana Road, Pembroke HM08, Bermuda.
- (e) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (f) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays and public holidays) at the head office and principal place of business of the Company in Hong Kong at 47/F., China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong from the date of this circular up to and including 14 August 2012:–

- (a) the Memorandum of Association and Bye-laws of the Company;
- (b) the material contracts referred to under the paragraph headed "Material Contracts" in this Appendix;
- (c) the annual reports of the Company for the financial year ended 31 December 2009 and for the period of eighteen months ended 30 June 2011 and the interim report of the Company for the six months ended 31 December 2011;
- (d) the circulars of the Company dated 24 September 2010, 30 September 2010, 3 January 2011, 15 July 2011 and 20 April 2012;
- (e) the comfort letter dated 31 July 2012 issued by the auditors of the Company to the Board; and
- (f) this circular.