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COL Capital Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

**MAJOR TRANSACTION
RELATING TO THE DISPOSAL OF AN INDIRECT
NON WHOLLY-OWNED SUBSIDIARY**

A letter from the Board is set out on pages 4 to 13 of this circular.

20 November 2013

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DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 27 August 2013 entered into between the Vendor and the Purchasers for the sale and purchase of the entire registered capital of the Target Company
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday and public holidays prescribed under the laws of PRC) on which banks in PRC are generally open for business
“Company”	COL Capital Limited (Stock Code: 383), a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	RMB324.995 million (equivalent to HK\$409,494,000) for the sale and purchase of the entire registered capital of the Target Company
“Director(s)”	director(s) of the Company
“Disposal”	disposal of the entire registered capital of the Target Company by the Vendor to the Purchasers pursuant to the Agreement
“Elderly Care Use Land”	the parcel of approximately 147.25 Mou out of the Subject Land, to be used for development of a project for provision of elderly care services
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Independent Third Parties”	parties who, together with their ultimate beneficial owners, are persons independent of the Company and its connected persons and “Independent Third Party” shall be construed accordingly

DEFINITIONS

“Jiatai Tongren”	Jiatai Tongren (Lianyungang) Healthcare Investment Company Limited* (嘉泰同仁(連雲港)醫療產業投資有限公司), a limited company established in PRC and a direct non wholly-owned subsidiary of the Company wherein the Company holds 60.52% of its registered capital
“Jiatai Tongren Group”	Jiatai Tongren and its subsidiaries
“KTH”	Kunming Tongren Hospital Company Limited* (昆明同仁醫院有限公司), a company incorporated in PRC with limited liability and the entire registered capital of which is effectively wholly-owned by the Vendor
“Latest Practicable Date”	18 November 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Medical Use Land”	the parcel of approximately 128.825 Mou out of the Subject Land used for operation and development of the Kunming Tongren Hospital* (昆明同仁醫院)
“Mou”	Chinese area measuring unit equivalent to approximately 666.7 square metres
“Nursery Land”	the parcel of approximately 11.95 Mou out of the Subject Land on which a development for nursery has been constructed
“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 and for the purpose of this circular excluding Taiwan, Hong Kong and Macau Special Administrative Region
“Purchaser A”	Beijing Zhaotong Zhidi Group Company Limited* (北京兆通置地集團股份有限公司), a company incorporated in PRC with limited liability
“Purchaser B”	Hanlin Properties Limited* (翰林地產有限公司), a company incorporated in PRC with limited liability
“Purchasers”	Purchaser A and Purchaser B

DEFINITIONS

“RMB”	Renminbi, the lawful currency of PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Land”	a piece of land of 192,017.71 square metres owned by the Target Company located at South to Guangfu Road and West to Jinjia River, Kunming (昆明市廣福路以南、金家河以西)(consisting of the Medical Use Land, the Elderly Care Use Land and the Nursery Land) and the land use right of the piece of land was granted to the Target Company under the land use certificate (土地使用權証) numbered “Kunming (2005) No. 00119” (“昆明用(2005)第00119號”)
“Target Capital”	100% of the entire registered capital of the Target Company
“Target Company”	Kunming Tongren Industrial Development Company Limited* (昆明同仁實業開發有限公司), a company incorporated in PRC with limited liability and the entire registered capital of which is directly wholly-owned by the Vendor prior to the Disposal
“Vendor”	Tongren Healthcare Industry Group Company Limited* (同仁醫療產業集團有限公司), a limited company established in PRC and an indirect non wholly-owned subsidiary of Jiatai Tongren wherein Jiatai Tongren effectively owns 86.69% of its registered capital
“Vigor Online”	Vigor Online Offshore Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling Shareholder holding 391,125,707 Shares representing 72.13% of the entire issued share capital of the Company as at the date of the Agreement and 72.57% as at the Latest Practicable Date
“%”	per cent.

* *The English translation of the names of entities established in PRC referred to in this circular is for reference only. The official names of those companies are in Chinese.*

LETTER FROM THE BOARD



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

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

Independent Non-Executive Directors:

Mr. Lau Siu Ki

Mr. Ma Wah Yan

Mr. Zhang Jian

*Head Office and Principal Place of
Business in Hong Kong:*

47th Floor

China Online Centre

333 Lockhart Road

Wanchai

Hong Kong

20 November 2013

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION RELATING TO THE DISPOSAL OF AN INDIRECT NON WHOLLY-OWNED SUBSIDIARY

This circular is despatched to Shareholders for information purpose only. No general meeting will be convened for approving the Disposal as Vigor Online, the controlling Shareholder holding 391,125,707, representing approximately 72.13% of the issued share capital of the Company as at the date of the Agreement and 72.57% as at the Latest Practicable Date, has already provided a written approval on the Disposal. Furthermore, as no Shareholder has material interest in the Disposal which is different from other Shareholders, no Shareholder would be required to abstain from voting in respect of the Disposal if a general meeting were convened for approving the Disposal.

INTRODUCTION

Reference is made to the announcement of the Company dated 27 August 2013, in which the Board announced that on 27 August 2013, the Vendor entered into the Agreement with the Purchasers pursuant to which the Vendor conditionally agreed to dispose of and the Purchasers conditionally agreed to acquire the entire registered capital of the Target Company for the Consideration.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, inter alia, (i) details of the Disposal; (ii) financial information of the Group; (iii) property valuation report on the Target Company; and (iv) other information as required under the Listing Rules.

AGREEMENT

Date: 27 August 2013 (after trading hours)

Purchaser A: Beijing Zhaotong Zhidi Group Company Limited*
(北京兆通置地集團股份有限公司)

Purchaser B: Hanlin Properties Limited*
(翰林地產有限公司)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchasers and their ultimate beneficial owners are Independent Third Parties.

Vendor: Tongren Healthcare Industry Group Company Limited*
(同仁醫療產業集團有限公司), an indirect non wholly-owned subsidiary of the Company

Target Company: Kunming Tongren Industrial Development Company Limited*
(昆明同仁實業開發有限公司), a direct wholly-owned subsidiary of the Vendor prior to the Disposal.

Assets to be disposed of:

On 27 August 2013 (after trading hours), the Vendor entered into the Agreement with the Purchasers pursuant to which the Vendor conditionally agreed to dispose of and the Purchasers conditionally agreed to acquire the entire registered capital of the Target Company (as to 50% each by Purchaser A & Purchaser B respectively) for the Consideration. The Target Company is wholly-owned by the Vendor prior to the Disposal.

The Company holds 60.52% of the registered capital of Jiatai Tongren which in turn effectively owns 86.69% of the registered capital of the Vendor. As at the date of this circular, the Target Company is held as to 100% by the Vendor, the Target Company is therefore an indirect non wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD

Consideration:

RMB324.995 million (equivalent to HK\$409,494,000) for the sale and purchase of the entire registered capital in the Target Company payable in the following manners:

1. a prepayment in the sum of RMB30 million (the “Prepayment”) shall be payable by the Purchasers jointly to the Vendor into the account specified by the Vendor (the “Specified Account”) at the date of entering into the Agreement;
2. RMB80 million (the “Second Payment”) shall be payable by the Purchasers jointly to the Vendor into the Specified Account for the release of the existing mortgage over the Elderly Care Use Land; and
3. the outstanding sum of the Consideration (after deducting the Prepayment and the Second Payment) (“Last Payment”) shall be payable by the Purchasers jointly to the Vendor into a joint managed account (owned by the Vendor and jointly operated by the Vendor and a nominee nominated by the Purchasers) (the “Joint Managed Account”) within 3 Business Days after the parties acknowledge that the conditions precedent for the Disposal have been satisfied.

The Consideration was arrived at on an arm’s length negotiation with reference to the book carrying value, valuation value and prevailing market price of the Target Assets (as hereinafter defined) of the Target Company.

Conditions Precedent:

The Disposal will be subject to the following conditions precedent:

1. payment of the Prepayment by the Purchasers jointly to the Vendor on entering into the Agreement;
2. completion within 6 months from signing the Agreement by the Vendor of assets stripping of the Target Company so that the Target Company would solely own and be in control of the following assets (with the relevant proof(s) of entitlement, if applicable) only:
 - (a) the Elderly Care Use Land;
 - (b) the Nursery Land together with the existing buildings and structures thereon;
 - (c) the right and income entitlement in the 204 fixed parking spaces (developed but unsold) in Dianchi Yinxiang Garden* (滇池印象花園);
 - (d) the right in the 24 flats (developed but unsold) in Dianchi Yinxiang Garden;(collectively “Target Assets”)

LETTER FROM THE BOARD

3. the Vendor having procured the Target Company to restructure its existing receivables and liabilities within 6 months from signing the Agreement;
4. payment of the Second Payment by the Purchasers jointly to the Vendor;
5. the Purchasers having completed financial and legal due diligence to verify that conditions no. 2 and 3 above have been completed in accordance with the requirements of the Agreement; and
6. the Vendor shall have received a written approval from the Shareholders regarding the Disposal within 3 days after the payment of the Prepayment.

The conditions precedent are not waivable by the Vendor and/or the Purchasers. If the Vendor shall fail to fulfill conditions (2) and (3) within the prescribed time, the Purchasers may at their discretion to vary the conditions precedent or to extend the time limit for the fulfillment of conditions precedent.

As disclosed on pages 23 to 24 of this circular, the Target Company will obtain Building Ownership Certificate from the relevant property administration authority within one year. Such condition is not a condition precedent under the Agreement and the Vendor shall assist the Purchasers in obtaining the Building Ownership Certificate after completion of the Disposal.

As at the Latest Practicable Date, conditions (1) and (6) have been satisfied by the Vendor.

Assets Stripping and Restructuring of Receivables and Liabilities:

Pursuant to the Agreement, the Target Company will complete:

1. the settlement of the outstanding bank loan for the release of mortgage over the Subject Land;
2. transfer of the title of the Medical Use Land and the relevant fixed assets and construction in progress, at book carrying value, to KTH;
3. the collection and settlement of all receivables and liabilities with any remaining receivables and liabilities taken up, at book carrying value, by the Vendor; and
4. the waiving and/or writing off all outstanding balances of intra group current accounts between the Target Company and the Group,

such that on completion of the Disposal, the Target Company would solely own and be in control of the Target Assets only.

LETTER FROM THE BOARD

The Vendor will restructure its receivables and liabilities following the completion of assets stripping exercise. As at the Latest Practicable Date, the Vendor is still in the course of obtaining separate land certificate for Medical Use Land, Elderly Care Use Land and Nursery Land.

Nursery Land is a parcel of approximately 11.95 Mou of the Subject Land on which a three-storey nursery school has been built. The building area of the nursery school is approximately 4,698 square metres, located at No.1099 Guangfu Road, Kunming. The construction of nursery school commenced in 2007 and completed in 2009. As at the Latest Practicable Date, (i) it has yet to recruit students; (ii) the Target Company does not engage in nursery school business and has no business plan to engage in nursery school business following the Disposal; and (iii) the Target Company does not run any business on the Nursery Land notwithstanding the completion of nursery school thereon in 2009.

Medical Use Land is a parcel of approximately 128.825 Mou of the Subject Land used for the development of Kunming Tongren Hospital* (昆明同仁醫院). The hospital commenced operation in 2010 with a capacity of 500 beds and 665 medical staff and employees. Following the assets stripping exercise, KTH, an indirect wholly-owned subsidiary of the Vendor, shall hold Medical Use Land for the operation and future development of Kunming Tongren Hospital* which offers a wide range of comprehensive clinical and healthcare services to the public.

Elderly Care Use Land is a parcel of approximately 147.25 Mou of the Subject Land to be used for development of a project for provision of elderly care services. As at the Latest Practicable Date, the Elderly Care Use Land is vacant.

Transfer of the Target Capital:

1. Within 3 Business Days after the Purchasers having jointly made the Last Payment to the Vendor into the Joint Managed Account, the Vendor shall complete the procedure for registration of the transfer of the Target Capital with the relevant industrial and commercial authorities.
2. Following completion of the registration of the transfer of the Target Capital and the issue of a new business licence for the Target Company, the Purchasers shall authorize the release of control on the Joint Managed Account.

Completion:

The Disposal shall be completed within 3 Business Days following the deposit of the outstanding sum of the Consideration by the Purchasers jointly to the Vendor into the Joint Managed Account.

LETTER FROM THE BOARD

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 development, investment in and management and operation of healthcare and hospital businesses, trading of medical equipment and related supplies and strategic investments.

INFORMATION ON THE PURCHASERS

Purchaser A is mainly engaged in the business of development, management and sale of property. Purchaser B is mainly engaged in property development, enterprises, assets and investments management.

INFORMATION ON THE TARGET COMPANY

The Target Company is incorporated in PRC with limited liability, the entire registered capital of which is directly wholly-owned by the Vendor prior to the Disposal. The principal business of the Target Company is property investment and development.

The following is the financial information of the Target Company as extracted from its audited financial statements for the two years ended 31 December 2011 and 31 December 2012 and the unaudited financial statements for the nine months ended 30 September 2013 as provided by the Vendor, which were prepared in accordance with PRC accounting standards:

	For the nine months ended 30 September 2013 Unaudited (RMB'000)	For the year ended 31 December 2012 Audited (RMB'000)	For the year ended 31 December 2011 Audited (RMB'000)
Net loss before tax	4,438	9,259	7,920
Net loss after tax	4,438	9,259	7,920
Net asset value	85,464	89,902	286,222

REASONS FOR AND THE BENEFITS OF THE DISPOSAL

The principal business of the Target Company is property investment and development in the PRC. The Disposal affords the Company an opportunity to realise gains with cash inflow on its investments in the Target Assets and reallocate its financial resources on other core business. The Board believes that the Disposal is in the best interests of the Company and the Shareholders as a whole. In view of the above, the Directors are of the opinion that the terms of the Agreement are on normal commercial terms, fair and reasonable and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE DISPOSAL

Following the Disposal, the Target Company will cease to be a subsidiary of the Company and its result and assets and liabilities will cease to be consolidated into that of the Company.

Based on the audited consolidated financial statement of the Group as at 30 June 2013, the book carrying value of the Target Assets is HK\$107,578,000 (being HK\$80,032,000 for the Elderly Care Use Land and the Nursery Land and HK\$27,546,000 for the 204 fixed parking spaces in Dianchi Yinxian Garden and the 24 flats in Dianchi Yinxian Garden) and was classified as “asset held for sale”. Based on the property valuation report on the Target Company as set out in Appendix II to this circular, the valuation value as at 31 August 2013 of the Target Assets is approximately HK\$278,712,000 (equivalent to RMB221,200,000) (being approximately HK\$245,952,000 (equivalent to RMB195,200,000) for Elderly Care Use Land and the Nursery Land and approximately HK\$32,760,000 (equivalent to RMB26,000,000) for the 204 fixed parking spaces in Dianchi Yinxian Garden and the 24 flats in Dianchi Yinxian Garden). Upon the completion of the assets stripping and the restructuring of receivables and liabilities, the Target Company will have no assets and liabilities save for the Target Assets, the Disposal is expected to record an estimated gain of approximately HK\$301,916,000 (subject to audit) (i.e. being the difference between the Consideration, the net assets value of the Target Company as at 30 June 2013 and the adjusted shareholder loan from the Vendor to the Target Company (after assets stripping and restructuring of receivables and liabilities) being waived) for the Group.

It is expected that the earnings and assets of the Group will be increased attributed to the gain from the Disposal while liabilities of the Group will be decreased following the reduction of mortgage loan following the completion of the Disposal.

USE OF PROCEEDS

Proceeds of the Disposal are intended to be applied for investment as opportunities arise, and/or approximately 50% of the proceeds for reduction of borrowings and the remaining balance of up to approximately 50% to be used for general working capital of the Group. As at the Latest Practicable Date, the Group has not entered into any agreement or arrangement in relation to further investment. Among the borrowings of the Group as at 30 September 2013 with interest rates range from about 3% per annum to 15% per annum, an amount of HK\$1,948,532,000 was with maturity within one year, an amount of HK\$707,822,000 was with maturity over one year but not exceeding two years and an amount of HK\$70,000,000 was with maturity of more than two years but less than five years.

FUTURE PROSPECTS OF THE GROUP

In June and July 2013, the Group realized part of its long term investments through on-market disposal of 80.9 million shares in Landing International Development Limited (formerly known as Greenfield Chemical Holdings Limited) for cash proceeds of approximately HK\$38.3 million.

LETTER FROM THE BOARD

In August 2013, Jiatai Tongren Group entered into a sale and purchase agreement to dispose of its interest in Kunming Tongren Industrial Development Company Limited (“Kunming Tongren Industrial”) for a consideration of RMB324.995 million. Upon the completion of the assets transfer and restructuring of receivables and liabilities, Kunming Tongren Industrial’s remaining assets will consist of the Elderly Care Use Land, the Nursery Land together with the existing buildings and structures thereon, the right and income entitlement in the 204 fixed parking spaces (developed but unsold) in Dianchi Yinxiang Garden and the right in the 24 flats (developed but unsold) in Dianchi Yinxiang Garden, in Kunming City, Yunnan Province, the PRC. The Group considers that the Disposal would provide the Company with the opportunity to realize gains from its investments and enable it to reallocate its financial resources to other core business activities.

In September 2013, Jiatai Tongren Group entered into an agreement with Huaying Land Group Company Limited* (華盈置地集團有限公司), a connected person of the Company, to dispose of its entire shareholding of 65% the entire registered capital of Dongying Tongren International Health Centre Investment Company Limited* (東營同仁國際健康城投資有限公司) (“Dongying Tongren”) for a consideration of RMB13 million. The sole investment of Dongying Tongren is the Dongying Tongren International Health Centre* (東營同仁國際健康城) project in Dongying in the Shangdong Province of the PRC, which is still in the preliminary planning stage. The disposal enables the Group to recuperate its initial capital contribution and continue to participate in the projects of Dongying Tongren through the provision of management and consulting services.

In October 2013, the Group entered into a substitution agreement with BOS International (Australia) Limited, FKP Communities Pty Ltd and others pursuant to which BOS International (Australia) Limited agreed to novate to the Group its participation in the loan with the loan facility limit of A\$90,000,000 (“Loan”) for a consideration of A\$75,446,863.84. The novation will provide interest income to the Group and capital gain from the realization of the discount on the face value of the loan upon repayment.

The more positive economic data from the U.S., the euro zone countries and Japan indicates a likely return to a more sustainable recovery. China appears to have recently averted a sharp slowdown in its economy after the re-introduction of policies to encourage investment and push through structural reforms. All this has provided some comfort to the market. However, mounting concerns over the United States Federal Reserve Board’s imminent tapering of its monetary stimulus policy has already negatively affected the currencies and financial markets of the emerging nations. Uncertainties over the fragile economic conditions, the political in-fighting and paralysis with the consequential social unrest in the developed world, together with the geo-political unrest in the Middle East, and the slowdown in the emerging markets will continue to weigh on the global economy and financial markets. Given the expected volatility in the global economy and financial markets, the performance of the Group’s businesses in securities trading and investments and provision of financial services could be affected and variable.

LETTER FROM THE BOARD

Of the Group's businesses in hospital operation, the upward trend in inflation and labour cost, especially medical and technical staff in the PRC will continue to negatively affect its performance. The Group considers that the disposal of its interest in Kunming Tongren Industrial an opportunity to realize gains from its investment and enable it to reallocate its financial resources to other core businesses activities such as the development of its elderly care use land located in Nanjing and nearby its Nanjing Tongren Hospital, with a site area of 103.46 Mou.

In March 2013, Jiatai Tongren entered into a cooperative agreement with Mr. Yu Zhen Kun ("Mr. Yu") to set up a joint venture in eye, ear, nose and throat specialty with an investment of RMB80 million. Jiatai Tongren has granted call options to Mr. Yu, exercisable upon fulfillment of certain performance targets. For the proposed joint venture, Jiatai Tongren will contribute RMB60 million for a 60% interest and Mr. Yu and his professional team will contribute RMB20 million for a 40% interest. Mr. Yu is a well-known ear, nose, throat, head and neck specialist in the PRC. The cooperative agreement will provide an invaluable opportunity to leverage on the medical expertise of Mr. Yu and strengthen Jiatai Tongren's medical and technical management team.

In relation to the Group's property development business which consists of the development project of Phase 2 and 3 of Kangya Garden (康雅苑), located in the Jiangning Development Zone in Nanjing in the PRC. This development project has a total gross floor area of approximately 125,400 sqm with construction expected to be completed in June 2013 and June 2015 respectively. The Group also owned two pieces of lands located at Jinqiao Road East and Chang Wei Road South with site area of 66,664 sqm and Huaguoshan Road and Chang Wei Road South with site area of 117,600 sqm, Lianyungang Development Zone, the PRC and is considering possible exit of this investment.

In view of the above, the Group has taken steps subsequent to the fiscal year end to strengthen its financial position and reallocate its capital and financial resources to other core businesses and to reduce its gearing level. As a value investor, the Group will continuously review and adjust its investment strategies and investment portfolio to the prevailing economic and investment environment to seek and identify grossly undervalued investment and business opportunities in China, Hong Kong and the Asia Pacific region.

LISTING RULES IMPLICATIONS

As the relevant Percentage Ratios for the Disposal exceeds 25% but is below 75%, the Disposal constitutes a major transaction for the Company and is subject to the approval of Shareholders in general meeting.

The Company has received a written approval of the Disposal from Vigor Online, which holds approximately 72.13% of the issued Shares giving the right to attend and vote at general meetings of the Company as at the date of the Agreement and 72.57% as at the Latest Practicable Date. Accordingly, no general meeting for the Shareholders' approval of the Disposal will be held pursuant to Rule 14.44 of the Listing Rules.

LETTER FROM THE BOARD

RECOMMENDATION

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

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. References can be made to the following to obtain the said information:

- (a) the year ended 30 June 2013 is disclosed in the Company's 2012/2013 annual report published on 31 October 2013 from pages 32 to 122. Please also see below hyperlink to the Annual Report 2012/2013:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/1030/LTN20131030822.pdf>

- (b) the 6-month period ended 31 December 2012 (unaudited) is disclosed in the Company's 2012/2013 interim report published on 25 March 2013 from pages 1 to 47. Please also see below hyperlink to the Interim Report 2012:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0325/LTN20130325003.pdf>

- (c) the year ended 30 June 2012 is disclosed in the Company's 2011/2012 annual report published on 30 October 2012 from pages 29 to 104. Please also see below hyperlink to the Annual Report 2011/2012:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2012/1029/LTN20121029390.pdf>

- (d) the 18-month period ended 30 June 2011 is disclosed in the Company's 2010/2011 annual report published on 31 October 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>

2. INDEBTEDNESS STATEMENT

At the close of business on 30 September 2013, being the Latest Practicable Date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding securities margin loans of approximately HK\$1,139,742,000, unsecured term loan of HK\$70,000,000, promissory note of HK\$91,987,000, secured bank borrowings of HK\$739,061,000, unsecured bank borrowings of HK\$94,547,000, unsecured other borrowings of HK\$52,582,000, obligation under finance lease of HK\$77,162,000, bonds of HK\$247,000,000 and discounted bills of HK\$214,273,000. As at 30 September 2013, the Group's investments held for trading, interest in associates, available-for-sale investments, pledged bank deposits, buildings (included in the property, plant and equipment), properties under development for sale and prepaid lease payments with respective carrying values of approximately HK\$1,216,748,000, HK\$275,722,000, HK\$188,723,000, HK\$224,055,000, HK\$622,778,000, HK\$27,546,000, HK\$97,286,000 were pledged to securities houses and banks to secure credit facilities granted to the Group.

Save as aforesaid, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 30 September 2013 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, in the absence of unforeseen circumstances and taking into account the effect and proceeds of the Disposal, the Group's existing cash and bank balances, the present available credit facilities and margin loan facilities, the expected internally generated funds and the repayment of the Loan upon its maturities as stated in the section headed "Future Prospects of the Group" contained in the Letter from the Board, the Group will have 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 section headed "Litigation" in Appendix III to the circular. Save as aforesaid, the Group had no other material litigation as at the Latest Practicable Date.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position or prospect of the Group since 30 June 2013, the date to which the latest published audited financial statements of the Group were made up.

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation as at 30 August 2013 of the Target Assets.



Asset Appraisal Limited
中誠達資產評值顧問有限公司

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20 November 2013

The Board of Directors
COL Capital Limited

Dear Sirs,

Re: Valuation of property interests situated in the People's Republic of China

In accordance with the instructions from **COL Capital Limited** (referred to as the “Company”) to value certain property interests (referred to as the “properties”) situated in the People's Republic of China (the “PRC”), we confirm that we have carried out inspections of the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 30 August 2013 (the “date of valuation”).

BASIS OF VALUATION

Our valuation of the properties represents the market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION METHODOLOGY

The properties have been valued by the comparison method where comparison based on prices realised or market prices of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

Due to the nature of the buildings and structures erected thereon, the property numbered 2. of this report have been valued on the basis of depreciated replacement cost (DRC). The assessment of the DRC requires an estimate of the market value of the land (if any) in existing use and an estimate of the new replacement (reproduction) cost of the buildings and structures and other site works as at the date of valuation, from which deductions are then made to allow for age, condition, functional obsolescence, etc.. In valuing the market value of the land portions of the properties, the comparison method has been adopted.

ASSUMPTIONS

Our valuation has been made on the assumption that owners sell the properties on the market in their existing states without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the values of the properties.

For those properties held by the owners by means of long term Land Use Rights granted by the Government, we have assumed that the owner has free and uninterrupted rights to use the properties for the whole of the unexpired term of the respective land use rights. We have also assumed that they can be freely transferred on the market free from any land premium or expenses of substantial amount payable to the Government.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

TITLESHIP

We have been provided with copies of legal documents regarding the properties. However, we have not verified ownership of the properties and the existence of any encumbrances that would affect ownership of them.

We have also relied upon the legal opinion dated 20 November 2013 provided by the PRC legal advisers, namely Yunnan Youyuan Law Firm (雲南友元律師事務所) to the Company on the relevant laws and regulations in the PRC, on the nature of land use rights or leasehold interests in the properties.

LIMITING CONDITIONS

No allowance has been made in our report for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value. Our valuation have been made on the assumption that the seller sells the properties on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the properties.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The properties were last inspected on 12 April 2013 by Mr. Liu Ho Chi, who is a member of the Hong Kong Institute of Surveyors. However, no structural survey has been made. In the course of our inspection, we did not note any serious defects. We are unable to report whether the buildings and structures of the properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services of the buildings and structures of the properties.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the properties, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Unless otherwise stated, all monetary sums stated in this report are in Renminbi (RMB).

Our summary of valuation and valuation certificate are attached herewith.

Yours faithfully,
for and on behalf of
Asset Appraisal Limited

Sandra Lau
MHKIS AAPI RPS(GP)
Director

Sandra Lau is a member of the Hong Kong Institute of Surveyors, an Associate of the Australian Property Institute and a Registered Professional Surveyor in General Practice. She is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

SUMMARY OF VALUATION

Property	Market value	Interest	Value of
	in existing state	attributable to	property interest
	as at	as at	attributable to
	31 August 2013	31 August 2013	31 August 2013
	RMB	%	RMB

Property interests held by the Company or its subsidiary for Sale

1.	Various residential units and car parking spaces located in Dianchi Yinxiang International Garden, western side of Jinjia River and southern side of Guangfu Road, Kunming City, Yunnan Province, the PRC.	26,000,000	86.69%	22,539,400
2.	Various buildings and land located in western side of Jinjia River and southern side of Guangfu Road, Kunming City, Yunnan Province, the PRC.	195,200,000	86.69%	169,218,880

VALUATION CERTIFICATE

Property interests held by the Company or its subsidiary for Sale

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 August 2013 RMB
1. Various residential units and car parking spaces located in Dianchi Yinxiang International Garden, western side of Jinjia River and southern side of Guangfu Road, Kunming City, Yunnan Province, the PRC. (中國雲南省昆明市廣福路以南、金家河以西滇池印象國際花園多個住宅及車位)	The property comprises 24 unsold residential units within two blocks of 11-storey apartment buildings and 204 car parking spaces within the same development. It was completed in about 2009. The total gross floor area of the residential units and car parking spaces are approximately 1,701.12 square metres and 13,015 square metres respectively. The land use rights of the property have been granted for a term expiring on 5 August 2074 for residential use.	The property is currently vacant.	26,000,000 (86.69% interest attributable to the Target Group: 22,539,400)

Notes:

- Pursuant to a Land Use Right Grant Contract (Ref: Kun Guo Tu Zi Chu (2004) He Tong Zi Di No. 286 (昆國土資出(2004)合同字第286號)) entered into between the Kunming Land Resource Administration Bureau (雲南省昆明市國土資源局, as the Grantor) and Kunming Tongren Industrial Development Co., Ltd. (昆明同仁實業開發有限公司, as the Grantee), a wholly-owned subsidiary of Jiatai Tongren, on 5 August 2004, the subject land parcel with an area of 185,809.72 square metres was granted by the Grantor to the Grantee for a land use right term of 70 years for residential use at a land premium of RMB22,336,200 which has been settled in full.
- As revealed by a State-owned Land Use Right Certificate (Ref: Kun Guo Yong (2005) Di No. 00118 (昆國用(2005)第00118號)) dated 10 March 2005, the land use rights of the subject land parcel with an area of 185,809.72 square metres are held by Kunming Tongren Industrial Development Co., Ltd. for a term expiring on 5 August 2074 for residential use.

3. Two Construction Land Use Planning Permits (建設用地規劃許可證) (Ref: Kun Gui Di Zheng (2003)2179 (昆規地證(2003)2179號) and Kun Gui Di Zheng (2003)2180 (昆規地證(2003)2180號)) in connection with two parcels of land with a total area of approximately 373,335.2 square metres (of which the subject land parcel forms part) were issued by the Kunming Town Planning Bureau (昆明市規劃局) on 26 September 2003 in the name of Kunming Tongren Hospital Co., Ltd. (昆明同仁醫院有限公司). The permitted use of one of the two land parcels with an area of approximately 200,001 square metres is medical and health and that of the other land parcel with an area of approximately 173,334.20 square metres is ancillary living community use.
4. As revealed by a Planning Permit of Construction Work (建設工程規劃許可證) (Ref: Kun Gui Jian Zheng No. (2006)0317 (昆規建證(2006)0317號) issued by the Kunming Town Planning Bureau (昆明市規劃局) on 17 October 2006 in the name of Kunming Tongren Industrial Development Co., Ltd., the development of the ancillary living community (配套生活社區) with gross floor areas of approximately 193,485.64 square metres (superstructures) and 16,394 square metres (substructures) on the subject land parcel has been approved.
5. As revealed by a Construction Works Commencement Permit (建築工程施工許可證) (Ref: Jian Zi 2006 Di No. 16 (建字2006第16號)) issued by the Kunming Dianchi National Tourist Resort Construction Bureau (昆明滇池國家旅遊度假區建設局) on 13 December 2006 in the name of Kunming Tongren Industrial Development Co., Ltd., the carrying out of construction work for the Phase I of the ancillary living community (配套生活社區) with a total gross floor area of 26,369.78 square metres has been approved.
6. As revealed by another Construction Works Commencement Permit (建築工程施工許可證) (Ref: Jian Zi 2007 Di No. 13 (建字2007第13號)) issued by the Kunming Dianchi National Tourist Resort Construction Bureau (昆明滇池國家旅遊度假區建設局) on 24 August 2007 in the name of Kunming Tongren Industrial Development Co., Ltd., the carrying out of construction work for the ancillary living community (Dianchi Yinxiang Garden) (配套生活社區(滇池印象花園)) with a gross floor area of approximately 112,750 square metres has been approved.
7. As revealed by another Construction Works Commencement Permit (建築工程施工許可證) (Ref: Jian Zi 2007 Di No. 16 (建字2007第16號)) issued by the Kunming Dianchi National Tourist Resort Construction Bureau (昆明滇池國家旅遊度假區建設局) on 11 October 2007 in the name of Kunming Tongren Industrial Development Co., Ltd., the carrying out of construction work for the ancillary living community (Dianchi Yinxiang Garden) (配套生活社區(滇池印象花園)) with a total gross floor area of approximately 85,036.55 square metres has been approved.
8. Pursuant to a Pre-sale Permit issued by the Kunming Real Estate Administration Authority (昆明市房產管理局) on 14 November 2008 in the name of Kunming Tongren Industrial Development Co., Ltd., the pre-sale of the whole development (Block Nos. 1-77) with a gross floor area of 188,053 square metres was permitted.

9. In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Land Use Right Grant Contract	: Yes
State-owned Land Use Right Certificate	: Yes
Construction Land Use Planning Permit	: Yes
Planning Permit of Construction Work	: Yes
Construction Works Commencement Permit	: Yes
Building Ownership Certificate	: No
Pre-sale Permit	: Yes

10. The opinion from the PRC legal advisors of the Company on the property is as follows:

- i. On 5 August 2004, the Kunming State Land Resource Administration Bureau and Kunming Tongren Industrial Development Co., Ltd. entered into a Land Use Right Grant Contract (Ref: Kun Guo Tu Zi Chu (2004) He Tong Zi Di No. 286 (昆國土資出(2004)合同字第286號)) by virtue of which the former party granted the land use rights of the subject land parcel with an area of 185,809.72 square metres to the latter party for residential purposes for a term of 70 years commencing from the land handover date at a land premium of RMB22,336,200.
- ii. After full settlement of the land premium by Kunming Tongren Industrial Development Co., Ltd., a State-owned Land Use Right Certificate in relation to the subject land parcel was issued by the Municipal Government of Kunming to Kunming Tongren Industrial Development Co., Ltd. on 10 March 2005.
- iii. Kunming Tongren Industrial Development Co., Ltd. has obtained various Construction Land Use Planning Permits, Planning Permits of Construction Work, Construction Works Commencement Permits and Pre-sale Permits for the property for planning approval, construction work start approval and pre-sale approval of the subject development.
- iv. The property which comprises 24 unsold residential units with a total gross floor area of 1,701.12 square metres and 204 vehicle parking spaces constitutes the unsold portion of the subject development; the carparking space cannot apply for title registration and the usage right can be transferred via leasing, assignment of lease or sub-letting.
- v. All the residential units of the property are falling within Block 57 of the subject development. Due to the change in the original design of the subject building during its construction, the completed building is derived from the original design that has been granted with planning approval. Therefore, Kunming Tongren Industrial Development Co., Ltd. has to complete application for the planning change approval for the property in order to obtain the relevant Building Ownership Certificate. As confirmed by the Group, Kunming Tongren Industrial Development Co., Ltd. will complete the relevant planning change application and obtain the Building Ownership Certificate of the property within one year. The application involves the following procedures:–
 - a. to complete the relevant planning change application and obtain the planning acceptance certificate;
 - b. to apply for the carrying out of building work satisfaction completion examination by the relevant department; and

- c. upon completion of the above procedures, to file building ownership registration application to the relevant property administration authority and then obtain Building Ownership Rights Certificate.
- vi. As confirmed by Kunming Tongren Industrial Development Co., Ltd., it is eligible to apply for Building Ownership Certificate for the property upon completion of the above procedures and there is no legal impediment to complete those procedures under the existing situation.
- vii. The land use rights of the subject land parcels are in the nature of granted land use rights which are permitted to be transferred in accordance with the PRC law. The designated land uses of the land parcels is not allowed to be altered without prior consent.
- viii. The property is not subject to any mortgage.
- ix. As advised by the company, the design changed from two units per floor to four units per floor. Pursuant the legal opinion, if the company completes the relevant planning change application, the company can apply the Building Ownership Certificate and should not have any legal impediment under normal circumstance.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 August 2013 RMB
2. The nursery land together with the existing building and structures thereon and the elderly care use land located in western side of Jinjia River and southern side of Guangfu Road, Kunming City, Yunnan Province, the PRC. (中國雲南省昆明市廣福路以南、金家河以西土地及建築物)	The property comprises a parcel of land with a site area of approximately 103,392.30 square metres a portion of which is developed with a block of single-storey nursery building. Pursuant the building plan provided, the floor area of the nursery building is approximately 4,698.68 square metres. The above building was completed in about 2010. The land use rights of the property have been granted for a term expiring on 5 August 2054 for medical and health purposes.	The nursery building of the property is occupied by the Target Group as nursery. The remaining portion of the property is vacant.	195,200,000 (86.69% interest attributable to the Target Group: 169,218,880)

Notes:

- Pursuant to a Land Use Right Grant Contract (Ref: Kun Guo Tu Zi Chu (2004) He Tong Zi Di No. 285 (昆國土資出(2004)合同字第285號)) entered into between the Kunming Land Resource Administration Bureau (雲南省昆明市國土資源局, as the Grantor) and Kunming Tongren Industrial Development Co., Ltd. (昆明同仁實業開發有限公司, as the Grantee), a wholly-owned subsidiary of Jiatai Tongren on 5 August 2004, the land use rights of the subject land parcel with an area of 192,017.00 square metres were granted by the Grantor to the Grantee for a land use right term of 50 years for medical and health purposes (醫療衛生用地) at a land premium of RMB18,372,200 which has been settled in full.
- As revealed by a State-owned Land Use Right Certificate (Ref: Kun Guo Yong (2005) Di No. 00119 (昆國用(2005)第00119號)) dated 10 March 2005, the land use rights of the property with an area of 192,017.71 square metres are held by Kunming Tongren Industrial Development Co., Ltd. for a term expiring on 5 August 2054 for medical and health purposes.

3. Two Construction Land Use Planning Permits (建設用地規劃許可證) (Ref: Kun Gui Di Zheng (2003)2179 (昆規地證(2003)2179號) and Kun Gui Di Zheng (2003)2180 (昆規地證(2003)2180號)) in relation to two parcels of land with a total area of approximately 373,335.2 square metres (of which the subject land parcel forms part) were issued by the Kunming Town Planning Bureau (昆明市規劃局) on 26 September 2003 in the name of Kunming Tongren Industrial Development Co., Ltd.. The permitted uses of one of the two land parcels with an area of approximately 200,001 square metres are medical and health uses (醫療衛生) and the other land parcel with an area of approximately 173,334.20 square metres is permitted for ancillary living community use (配套社區).
4. As revealed by a Planning Permit of Construction Work (建設工程規劃許可證) (Ref: Kun Gui Jian Zheng No. (2005)2234 (昆規建證(2005)2234號)) issued by the Kunming Town Planning Bureau (昆明市規劃局) on 17 October 2006 in the name of Kunming Tongren Industrial Development Co., Ltd., the development of the hospital and ancillary community (昆明同仁醫院及配套社區) with a gross floor area of approximately 70,780 square metres (superstructure) and 18,830 square metres (substructure) has been approved.
5. As revealed by a Construction Works Commencement Permit (建築工程施工許可證) (Ref: Jian Zi 2005 Di No. 025 建字2005第025號)) issued by the Kunming Dianchi National Tourist Resort Construction Bureau (昆明滇池國家旅遊度假區建設局) on 15 December 2005, the carrying out of construction work for the subject buildings with a gross floor area of approximately 70,780 square metres (superstructures) and 18,830 square metres (substructures) has been approved.
6. As advised by the Group, it is in the process of applying for the relevant Building Ownership Certificates of the subject property.
7. In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

Land Use Right Grant Contract	: Yes
State-owned Land Use Right Certificate	: Yes
Construction Land Use Planning Permit	: Yes
Planning Permit of Construction Work	: Yes
Construction Works Commencement Permit	: Yes
Building Ownership Certificate	: No
8. The opinion from the PRC legal advisors of the Company on the property is as follows: –
 - i. On 5 August 2004, the Kunming State Land Resource Administration Bureau and Kunming Tongren Industrial Development Co., Ltd. entered into a Land Use Right Grant Contract (Ref: Kun Guo Tu Zi Chu (2004) He Tong Zi Di No. 285 (昆國土資出(2004)合同字第285號)) by virtue of which the former party granted the land use rights of the subject land parcel with an area of 192,017.00 square metres to the latter party for medical and health purposes for a term of 50 years commencing from the land handover date at a land premium of RMB18,372,200;
 - ii. After full settlement of the land premium by Kunming Tongren Industrial Development Co., Ltd., a State-owned Land Use Right Certificate in relation to the subject land parcel was issued by the Municipal Government of Kunming to Kunming Tongren Industrial Development Co., Ltd. on 10 March 2005;
 - iii. Kunming Tongren Industrial Development Co., Ltd. has obtained various Construction Land Use Planning Permits, Planning Permits of Construction Work and Construction Works Commencement Permits for planning approval and construction work start approval of the property;

- iv. The land use rights of the subject land parcels are in the nature of granted land use rights which are permitted to be transferred in accordance with the PRC law. The designated land uses of the land parcels is not allowed to be altered without prior consent;
- v. Pursuant to a maximum loan amount mortgage agreement (最高額抵押合同) (ref no. 25020160-2008年馬街(抵)字 0008) between Kunming Tongren Industrial Development Co., Ltd. as the mortgagor and Industrial and Commercial Bank of China Limited – Kunming Xishi Sub-branch (中國工商銀行昆明市西市區支行) as the mortgagee, the land use rights of the property held under the State-owned Land Use Right Certificate (Ref: Kun Guo Yong (2005) Di No. 00119 (昆國用(2005)第00119號)) and the buildings erected thereon have been pledged for a maximum loan amount of RMB256,000,000. As at the date of the legal opinion, the outstanding principal amount of the loan is RMB127,700,000. Besides the aforesaid loan, the property is not subject to any mortgage;
- vi. As revealed from the Hospital Zone Technical Economic Development Parameters (醫院區技術經濟指標), the permitted total gross floor area of the subject land parcel with an area of approximately 192,017 square metres is 295,610 square metres which has been partially utilized by the construction of the subject buildings. As confirmed by Kunming Tongren Industrial Development Co., Ltd., it is eligible to apply for Building Ownership Certificate for the property upon completion of the above development and relevant procedures and there is no legal impediment under the existing situation;
- vii. Building Ownership Certificates for the constructed buildings can be obtained after the completion of whole building inspection and acceptance procedures and obtaining the mortgagee's consent. As confirmed by the Group, Kunming Tongren Industrial Development Co., Ltd. will complete the relevant registration procedure and obtain the Building Ownership Certificate of the property within one year. The application involves the following procedures:–
 - a. to discharge the mortgage or obtaining the mortgagee's consent;
 - b. to complete the relevant planning change application and obtain the planning acceptance certificate;
 - c. to apply for the carrying out of building work satisfaction completion examination by the relevant department; and
 - d. upon completion of the above procedures, to file building ownership registration application to the relevant property administration authority and then obtain Building Ownership Rights Certificate.
- viii. As confirmed by Kunming Tongren Industrial Development Co., Ltd., it is eligible to apply for Building Ownership Certificate for the property upon completion of the above procedures and there is no legal impediment under the existing situation;

- ix. Kunming Tongren Industrial Development Co., Ltd. is applying subdivision registration for the land parcel registered under the State-owned Land Use Right Certificate (Ref: Kun Guo Yong (2005) Di No. 00119 (昆國用(2005)第00119號)) such that it shall be sub-divided into land for medical and health project with an area of 128.825 mou, land for elderly apartment project with an area of 147.25 Mou and land for nursery development with an area of 11.95 Mou. Individual State-owned Land Use Right Certificates shall be applied for each of the subdivided land parcel accordingly. As at the date of the PRC Legal Opinion, the application for the land parcel for the elderly apartment project is underway and the results on planning condition adjustments are pending. The whole process is progressing on an orderly manner; and
- x. Without before obtaining administrative approval for the above process and completion of all necessary application procedures, the land for the kindergarten development and the building structures erected thereon are not eligible to apply for individual State-owned Land Use Right Certificate and Building Ownership Certificate.

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 matters the omission of which would make any statement herein or 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					Percentage of issued ordinary shares
	Personal interests	Family interests	Corporate interests	Other interests	Total	
Ms. Chong Sok Un ("Ms. Chong")	–	–	391,125,707 (Note)	–	391,125,707	72.57%

Note:

Vigor Online Offshore Limited, a wholly-owned subsidiary of China Spirit Limited ("China Spirit"), owns 391,125,707 ordinary shares of the Company. Ms. Chong maintains 100% beneficial interests in China Spirit. Accordingly, Ms. Chong is deemed to have corporate interest in 391,125,707 ordinary shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(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 Divisions 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

Name	Capacity	Number of Ordinary Shares held	Percentage of Issued Ordinary Shares
Ms. Chong Sok Un	Held by controlled corporation (<i>Note</i>)	391,125,707	72.57%
China Spirit Limited	Held by controlled corporation (<i>Note</i>)	391,125,707	72.57%
Vigor Online Offshore Limited	Beneficial owner (<i>Note</i>)	391,125,707	72.57%

Note:

Vigor Online, a wholly-owned subsidiary of China Spirit, owns 391,125,707 ordinary shares of the Company. Ms. Chong maintains 100% beneficial interests in China Spirit. Accordingly, Ms. Chong is deemed to have corporate interest in 391,125,707 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 2013 (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. EXPERT AND CONSENT

The following are the qualifications of the experts or professional advisers who have given opinion or advice in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
Asset Appraisal Limited	Independent Professional Valuer
Yunnan Youyuan Law Firm 雲南友元律師事務所	PRC Legal Adviser

As at the Latest Practicable Date, each of the experts above has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its report and/or letter and/or summary of valuations and/or opinion (as the case may be), and/or the references to its name included in the form and context in which it is respectively included.

As at the Latest Practicable Date, none of the experts above was beneficially interested in the share capital of any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each expert above did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group since 30 June 2013 (the date to which the latest published audited consolidated financial statements of the Group were made up).

8. 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 the member(s) of the Group which are or may be material:

- (a) a supplemental agreement dated 10 January 2012 entered into between Join Capital Limited (“Join Capital”), an indirect wholly-owned subsidiary of the Company, Mabuhay Holdings Corporation (“Mabuhay”) and T & M Holdings, Inc. (“T&M”), a wholly-owned subsidiary of Mabuhay, both are Independent Third Parties, relating to the extension of the repayment date under the loan agreement dated 4 January 2011 entered into between Join Capital and Mabuhay in relation to a loan facility of HK\$20 million granted by Join Capital to Mabuhay to 10 January 2013;
- (b) the sale and purchase agreement dated 16 March 2012 entered into between Yu Ming Investment Management Limited (“Yu Ming”), an Independent Third Party, 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 (“FKP”), an Independent Third Party, due 2016 in a principal sum of A\$4 million (the “Convertible Notes I”) (the “S&P Agreement I”);
- (c) the sale and purchase agreement dated 16 March 2012 entered into between Attractive Gain Limited, an Independent Third Party as purchaser and Action Best as vendor in relation to the disposal of the 8% senior, unsecured convertible notes issued by FKP due 2016 in a principal amount of A\$21 million;
- (d) a loan agreement dated 13 April 2012 entered into between Join Capital as lender and Extra Earn Holdings Limited (“Extra Earn”, 40% of its issued share capital was indirectly owned by the Company on 13 April 2012, and become indirect wholly-owned subsidiary of the Company on 19 September 2012) as borrower relating to a loan facility of up to HK\$56,000,000 granted by Join Capital to Extra Earn;
- (e) 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;

- (f) a supplemental agreement dated 25 May 2012 entered into between Join Capital, Mabuhay and T&M in relation to extension of the repayment date under the loan agreement dated 22 June 2011 in relation to a loan facility of US\$3,200,265.11 granted by Join Capital to Mabuhay (the “Loan Agreement with Mabuhay”) to 25 May 2013;
- (g) a loan agreement dated 27 June 2012 entered into between Join Capital as lender, Lucky Full Investment Limited (“Lucky Full”) and Union Profit International Limited (“Union Profit”) as borrowers and Think Future Investments Limited (“Think Future”), TIDE HOLDINGS (CHINA) LIMITED (formerly known as Tide Holdings (H.K.) Limited) (“Tide Holdings”) and Sunshine City (China) Limited (“Sunshine City”), associated companies of the Company as security parties relating to the granting of a short term loan of aggregate amount in the limit of up to HK\$400,000,000 (the “Loan”);
 - (i) a share mortgage dated 27 June 2012 entered into between Sunshine City and Join Capital in respect of one issued share of HK\$1.00 each of Lucky Full;
 - (ii) a share mortgage dated 27 June 2012 entered into between Sunshine City and Join Capital in respect of one issued share of HK\$1.00 each of Union Profit;
 - (iii) a share mortgage dated 27 June 2012 entered into between Tide Holdings and Join Capital in respect of one issued share of HK\$1.00 each of Sunshine City;
 - (iv) a share mortgage dated 27 June 2012 entered into between Think Future and Join Capital in respect of one issued share of HK\$1.00 each of Tide Holdings;
 - (v) a share mortgage dated 27 June 2012 entered into between Jian Xiang Limited (“Jian Xiang”), an Independent Third Party, and Join Capital in respect of 200 issued shares of US\$1.00 each of Think Future;
 - (vi) a share mortgage dated 27 June 2012 entered into between Great Kingdom Holdings Limited (“Great Kingdom”), an Independent Third Party, and Join Capital in respect of 400 issued shares of US\$1.00 each of Think Future;
 - (vii) a debenture dated 27 June 2012 entered into between Union Profit and Join Capital in connection with the provision of security of the Loan;
 - (viii) a debenture dated 27 June 2012 entered into between Lucky Full and Join Capital in connection with the provision of security of the Loan;
 - (ix) a deed of assignment and subordination dated 27 June 2012 in respect of an amount of HK\$20,632,772 due from Think Future to Jian Xiang; and
 - (x) a deed of assignment and subordination dated 27 June 2012 in respect of an amount of HK\$40,000,000 due from Think Future to Great Kingdom.

- (h) a supplemental agreement dated 3 August 2012 entered into between Join Capital and Mr. Yuen Hoi Po (“Mr. Yuen”), an Independent Third Party, relating to the extension of the repayment date under a loan agreement dated 4 August 2011 entered into between Join Capital as lender and Mr. Yuen, as borrower, relating to a short term loan of up to HK\$53,000,000 granted by Join Capital to Mr. Yuen (the “Loan Agreement with Mr. Yuen”) to 3 September 2012;
- (i) the second supplemental agreement dated 3 September 2012 entered into between Join Capital and Mr. Yuen relating to the extension of the repayment date under the Loan Agreement with Mr. Yuen to 3 October 2012;
- (j) the third supplemental agreement dated 3 October 2012 entered into between Join Capital and Mr. Yuen relating to the extension of the repayment date under the Loan Agreement with Mr. Yuen to 5 November 2012;
- (k) the fourth supplemental agreement dated 5 November 2012 entered into between Join Capital and Mr. Yuen relating to the extension of the repayment date under the Loan Agreement with Mr. Yuen to 6 May 2013;
- (l) the subscription agreement dated 6 December 2012 entered into between the Company and Jiatai Tongren in relation to the subscription of the equity interest in the registered capital of Jiatai Tongren at an aggregate consideration of US\$32,000,000;
- (m) the sale and purchase agreement dated 6 March 2013 entered into between Jiatai Tongren and Mr. Liu Guang Qing, an Independent Third Party, for the sale and purchase of the entire registered capital of Lianyungang Chengtai Property Limited* (連雲港成泰置業有限公司) at a consideration of RMB250 million;
- (n) the cooperative agreement dated 25 March 2013 entered into between Jiatai Tongren and Mr. Yu Zhen Kun (“Mr. Yu”), an Independent Third Party, in relation to inter alia, a joint venture hospital specializing in eye, ear, nose and throat with a tentative registered capital amount of RMB80,000,000 (the “Joint Venture”), in which Jiatai Tongren will contribute RMB60,000,000 for a 60% interest, and Mr. Yu and his professional team will contribute RMB20,000,000 for a 40% interest in the registered capital of the Joint Venture;
- (o) the capital contribution transfer agreement dated 16 May 2013 entered into between the Company and an independent third party for the sale and purchase of US\$10,511,100 of the contributed capital of Jiatai Tongren;
- (p) the fifth supplemental agreement dated 30 May 2013 entered into between Join Capital and Mr. Yuen relating to the extension of the repayment date under the Loan Agreement with Mr. Yuen to 6 May 2014;

- (q) the second supplemental agreement dated 15 July 2013 entered into between Join Capital, Mabuhay and T&M relating to the extension of the repayment date under the Loan Agreement with Mabuhay to 25 November 2013;
- (r) the agreement dated 18 July 2013 entered into between Tongren Healthcare Industry Group Company Limited* (同仁醫療產業集團有限公司, “Tongren Healthcare”) and China Huali Holding Group Company Limited* (中國華力控股集團有限公司), a connected person of the Company relating to the granting of certain corporate guarantees with respect to each other;
- (s) the sale and purchase agreement dated 4 September 2013 entered into between Tongren Healthcare and Huaying Land Group Company Limited* (華盈置地集團有限公司), 57.25% of its entire registered capital is beneficially and indirectly owned by a director of Jiatai Tongren, and certain subsidiaries of Jiatai Tongren and its subsidiaries relating to the disposal of 65% of the registered and paid up capital of Dongying Tongren International Health Centre Investment Company Limited* (東營同仁國際健康城投資有限公司), an indirect non wholly-owned subsidiary of the Company;
- (t) the substitution agreement dated 2 October 2013 entered into among Treasure Wagon Limited, an indirect wholly-owned subsidiary of the Company, as incoming participant, BOS International (Australia) Limited, an Independent Third Party, as outgoing participant and FKP Communities Pty Ltd as borrower and others relating to the novation of a loan facility of limit of A\$90,000,000; and
- (u) this Agreement.

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.

9. MISCELLANEOUS

- a) The registered office of the Company is Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda and the head office and principal place of business of the Company in Hong Kong is 47th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong.
- b) The company secretary of the Company is Ms. Fung Ching Man, Ada, who is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- c) The principal share registrar and transfer office of the Company is MUFG Fund Services (Bermuda) Limited, 26 Burnaby Street, Hamilton HM 11, Bermuda.

- d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- e) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company at 47th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong during normal business hours on any Business Day, from the date of this circular up to and including 4 December 2013:

- (a) this Agreement;
- (b) the memorandum of association and bye-laws of the Company;
- (c) the material contracts as referred to in the section headed "Material Contracts" in this appendix;
- (d) the annual report of the Company for each of the two financial years ended 30 June 2012 and 30 June 2013;
- (e) the property valuation report on the Target Group issued by Asset Appraisal Limited, the text of which is set out on pages 16 to 28 of this circular;
- (f) the written consents referred to under "Expert and Consent" in this appendix;
- (g) the comfort letter dated 20 November 2013 issued by Deloitte Touche Tohmatsu to the Board;
- (h) a copy of each circular issued pursuant to the requirements set out in Chapters 14 and/or 14A since 30 June 2013; and
- (i) this circular.