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## **COL Capital Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 383)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

#### **UNAUDITED RESULTS OF THE GROUP**

The Board of Directors (the “Directors”) of COL Capital Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2013 together with the comparative figures for the corresponding period in 2012 as follows:–

#### **CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*FOR THE SIX MONTHS ENDED 31 DECEMBER 2013*

		<b>Six months ended</b>	
	<i>NOTES</i>	<b>31.12.2013</b>	31.12.2012
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(unaudited)
Revenue	3	<b>673,272</b>	168,061
Gross proceeds from sales of investments held for trading		<b>244,594</b>	402,454
<b>Total</b>		<b><u>917,866</u></b>	<b><u>570,515</u></b>
Revenue	3	<b>673,272</b>	168,061
Cost of goods and services		<b>(580,452)</b>	(132,436)
Gross profit		<b>92,820</b>	35,625
Other gains and losses	5	<b>381,004</b>	125,850
Other income		<b>8,422</b>	9,813
Selling and distribution costs		<b>(2,687)</b>	(2,800)
Administrative expenses		<b>(78,850)</b>	(56,737)

		<b>Six months ended</b>	
		<b>31.12.2013</b>	31.12.2012
	<i>NOTES</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(unaudited)
Finance costs	6	<b>(87,010)</b>	(61,483)
Other expenses		<b>(3,753)</b>	(752)
Share of results of associates, net of impairment on interests in associates	11	<b>80,560</b>	13,099
Profit before taxation		<b>390,506</b>	62,615
Taxation	7	<b>6,510</b>	156
Profit for the period	8	<b>397,016</b>	62,771
Profit (loss) for the period attributable to:			
Owners of the Company		<b>399,654</b>	86,258
Non-controlling interests		<b>(2,638)</b>	(23,487)
		<b>397,016</b>	62,771
Earnings per share	10		
– Basic		<b>HK\$0.74</b>	HK\$0.16
– Diluted		<b>HK\$0.74</b>	N/A

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	Six months ended	
	31.12.2013	31.12.2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit for the period	<u>397,016</u>	<u>62,771</u>
<b>Other comprehensive income (expense)</b>		
<b>Items that will be reclassified subsequently to profit or loss:</b>		
Gain (loss) on fair value changes of available-for-sale investments	10,119	(6,427)
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of available-for-sale investments	(62,752)	(65)
Share of changes in other comprehensives income (expense) of associates	<u>1,003</u>	<u>(3,815)</u>
	<u>(51,630)</u>	<u>(10,307)</u>
Exchange differences arising on translation:		
Exchange gain arising from translation of foreign operation	14,507	8,989
Share of changes in other comprehensive (expense) income of associates	(7,276)	14,003
Reclassification adjustment – transfer translation reserve to profit or loss upon deemed disposal of an associate	<u>–</u>	<u>(18,634)</u>
	<u>7,231</u>	<u>4,358</u>
Other comprehensive expense for the period	<u>(44,399)</u>	<u>(5,949)</u>
Total comprehensive income for the period	<u><u>352,617</u></u>	<u><u>56,822</u></u>
Total comprehensive income (expense) attributable to:		
Owners of the Company	357,599	81,279
Non-controlling interests	<u>(4,982)</u>	<u>(24,457)</u>
	<u><u>352,617</u></u>	<u><u>56,822</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2013

	<i>NOTES</i>	<b>31.12.2013</b> <i>HK\$'000</i> <b>(unaudited)</b>	30.6.2013 <i>HK\$'000</i> (audited)
Non-current assets			
Investment properties		202,162	208,112
Property, plant and equipment		1,442,590	1,451,117
Prepaid lease payments		65,450	65,426
Interests in associates	11	377,324	273,037
Available-for-sale investments		69,744	126,819
Intangible assets		15,852	16,713
Deposits for acquisition of property, plant and equipment		21,356	22,980
		<b>2,194,478</b>	2,164,204
Current assets			
Inventories		20,869	16,496
Properties under development for sale		823,742	851,165
Properties held for sale		17,197	82,579
Prepaid lease payments		1,617	1,597
Available-for-sale investments		173,502	204,720
Investments held for trading		1,358,571	957,197
Debtors, deposits and prepayments	12	152,256	184,396
Loans receivable		496,292	103,761
Taxation recoverable		34,089	34,316
Derivative financial instruments		22,877	–
Pledged bank deposits		262,027	265,423
Restricted bank deposits		–	2,376
Bank balances and cash		224,582	309,509
		<b>3,587,621</b>	3,013,535
Assets classified as held for sale		<b>126,962</b>	107,578
		<b>3,714,583</b>	3,121,113

	<i>NOTES</i>	<b>31.12.2013</b> <i>HK\$'000</i> <b>(unaudited)</b>	30.6.2013 <i>HK\$'000</i> (audited)
Current liabilities			
Creditors and accrued charges	<i>13</i>	<b>383,227</b>	332,621
Deposits received on sales of properties		<b>57,783</b>	274,028
Customers' deposits and receipts in advance		<b>25,418</b>	27,798
Consideration payable		<b>89,606</b>	88,472
Amount due to an associate		<b>8,320</b>	8,060
Borrowings – due within one year		<b>2,511,739</b>	2,173,222
Obligations under financial leases – due within one year		<b>43,333</b>	43,743
Derivative financial instruments		<b>12,143</b>	44,656
Taxation payable		<b>96,597</b>	79,721
Bonds		<b>247,000</b>	–
		<b>3,475,166</b>	3,072,321
Liabilities associated with assets classified as held for sale			
		<b>44,802</b>	–
		<b>3,519,968</b>	3,072,321
Net current assets			
		<b>194,615</b>	48,792
Total assets less current liabilities			
		<b>2,389,093</b>	2,212,996
Non-current liabilities			
Deferred tax liabilities		<b>79,319</b>	111,609
Borrowings – due after one year		<b>422,023</b>	290,661
Obligations under financial leases – due after one year		<b>52,988</b>	72,789
Bonds		–	247,000
		<b>554,330</b>	722,059
		<b>1,834,763</b>	1,490,937
Capital and reserves			
Share capital		<b>5,365</b>	5,423
Reserves		<b>1,322,849</b>	977,736
Equity attributable to owners of the Company			
		<b>1,328,214</b>	983,159
Non-controlling interests		<b>506,549</b>	507,778
Total equity			
		<b>1,834,763</b>	1,490,937

*NOTES:*

**1. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

**2. PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2013 are the same as those followed in the preparation of the consolidated financial statements of the Company and its subsidiaries (collectively known as the “Group”) for the year ended 30 June 2013. In addition, the Group has applied the following accounting policies during the current interim period.

**Transfer from investment property to owner-occupied property**

An item of investment property becomes an owner-occupied property because its use has changed as evidenced by commencement of owner-occupation. When an investment property carried at fair value is transferred to owner-property, the property’s deemed cost for subsequent accounting is its fair value of the date of change in use.

**Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 “Provisions, contingent liabilities and contingent assets”; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognized in accordance with the revenue recognition policy.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements.

HKFRSs (Amendments)	Annual improvements to HKFRSs 2009-2011 cycle except for amendments to HKAS 1
HKFRS 7 (Amendments)	Disclosures – Offsetting financial assets and financial liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures

### **HKFRS 13 Fair value measurement**

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for “fair value” and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

### **Amendments to HKFRS 7 Disclosures – Offsetting financial assets and financial liabilities**

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. The Group has outstanding derivative financial instruments presented under current assets and current liabilities in the condensed consolidated statement of financial position which are under enforceable master netting agreements.

The amendments have been applied retrospectively. For the purpose of preparing the condensed consolidated financial statements, the additional disclosures are not presented but will be included in the Group’s annual consolidated financial statements for the year ending 30 June 2014.

## Amendments to HKAS 34 Interim financial reporting (as a part of the annual improvements to HKFRSs 2009 – 2011 cycle)

The Group has applied the amendments to HKAS 34 Interim financial reporting as part of the annual improvements to HKFRSs 2009 – 2011 cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the condensed consolidated financial statements only when the amounts are regularly provided to the chief operating decision maker (“CODM”), represented by the executive directors of the Company. CODM reviews assets and liabilities of the Group’s reportable segments for performance assessment and resource allocation purposes, thus the Group included total assets and total liabilities information as part of segment information.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE

	Six months ended	
	31.12.2013	31.12.2012
	HK\$’000	HK\$’000
	(unaudited)	(unaudited)
Dividend income from listed investments	19,835	11,259
Interest income from loans receivable	38,731	8,525
Rental income	2,025	1,879
Hospital fees and charges	339,403	121,542
Revenue from sales of properties	273,278	24,856
	<u>673,272</u>	<u>168,061</u>

### 4. SEGMENT INFORMATION

Segment information is presented based on the internal reports about components of the Group that are regularly reviewed by the CODM for the purpose of allocating resources to segments and assessing their performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reporting segments of the Group.

The Group is organised into five operating and reportable segments as follows:

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

Financial services – provision of financial services.

Property investment – leasing of residential and office properties.

Property development – developing and selling of properties and land in the People’s Republic of China (“PRC”).

Hospital – operations of hospitals in the PRC.



The property development and hospital businesses are new operating and reportable segments subsequent to the Group's acquisition of these new businesses through the acquisition of Extra Earn Holdings Limited during the six months ended 31 December 2012.

**For the six months ended 31 December 2013**

	Securities trading and investments <i>HK\$'000</i> (unaudited)	Financial services <i>HK\$'000</i> (unaudited)	Property investment <i>HK\$'000</i> (unaudited)	Property development <i>HK\$'000</i> (unaudited)	Hospital <i>HK\$'000</i> (unaudited)	Consolidated <i>HK\$'000</i> (unaudited)
Gross proceeds from sales of investments held for trading	<u>244,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,594</u>
Revenue	<u>19,835</u>	<u>38,731</u>	<u>2,025</u>	<u>273,278</u>	<u>339,403</u>	<u>673,272</u>
Segment profit (loss)	<u>374,815</u>	<u>14,499</u>	<u>1,153</u>	<u>1,369</u>	<u>(14,182)</u>	<u>377,654</u>
Other income						1,016
Net foreign exchange gain						38
Central corporate expenses						(32,952)
Share of profits of associates						383,193
Impairment loss recognised on interest in an associate						(302,633)
Finance costs						<u>(35,810)</u>
Profit before taxation						<u>390,506</u>

**For the six months ended 31 December 2012**

	Securities trading and investments <i>HK\$'000</i> (unaudited)	Financial services <i>HK\$'000</i> (unaudited)	Property investment <i>HK\$'000</i> (unaudited)	Property development <i>HK\$'000</i> (unaudited)	Hospital <i>HK\$'000</i> (unaudited)	Consolidated <i>HK\$'000</i> (unaudited)
Gross proceeds from sales of investments held for trading	<u>402,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>402,454</u>
Revenue	<u>11,259</u>	<u>8,525</u>	<u>1,879</u>	<u>24,856</u>	<u>121,542</u>	<u>168,061</u>
Segment profit (loss)	<u>39,046</u>	<u>4,594</u>	<u>650</u>	<u>1,959</u>	<u>(21,122)</u>	<u>25,127</u>
Other income						1,024
Net foreign exchange gain						18
Gain on deemed disposal of an associate						34,794
Discount on acquisition of subsidiaries						27,541
Central corporate expenses						(16,440)
Share of profits of associates						13,099
Finance costs						<u>(22,548)</u>
Profit before taxation						<u>62,615</u>

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

Segment profit (loss) represents the profit earned/loss incurred by each segment without allocation of certain interest income, certain foreign exchange gain/loss, certain other income, gain on deemed disposal of an associate, discount on acquisition of subsidiaries, central corporate expenses, share of profits of associates, impairment loss recognised on interest in an associate and certain finance costs. This is the measure reported to the Company's executive directors for the purpose of resource allocation and assessment of segment performance.

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

**At 31 December 2013**

	<b>Securities trading and investments</b>	<b>Financial services</b>	<b>Property investment</b>	<b>Property development</b>	<b>Hospital</b>	<b>Consolidated</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment assets	1,677,758	536,298	202,329	858,194	1,574,375	4,848,954
Interests in associates						377,324
Corporate assets						555,821
Assets classified as held for sale						<u>126,962</u>
Consolidated assets						<u><u>5,909,061</u></u>
Segment liabilities	1,338,652	500,345	823	180,347	897,708	2,917,875
Corporate liabilities						1,111,621
Liabilities associated with assets classified as held for sale						<u>44,802</u>
Consolidated liabilities						<u><u>4,074,298</u></u>

At 30 June 2013

	Securities trading and investments <i>HK\$'000</i> (audited)	Financial services <i>HK\$'000</i> (audited)	Property investment <i>HK\$'000</i> (audited)	Property development <i>HK\$'000</i> (audited)	Hospital <i>HK\$'000</i> (audited)	Consolidated <i>HK\$'000</i> (audited)
Segment assets	1,344,498	106,398	208,275	996,422	1,580,343	4,235,936
Interests in associates						273,037
Corporate assets						668,766
Assets classified as held for sale						107,578
Consolidated assets						<u>5,285,317</u>
Segment liabilities	1,214,100	70,307	948	719,362	657,413	2,662,130
Corporate liabilities						<u>1,132,250</u>
Consolidated liabilities						<u>3,794,380</u>

## 5. OTHER GAINS AND LOSSES

	<b>Six months ended</b>	
	<b>31.12.2013</b>	<b>31.12.2012</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Change in fair value of investments held for trading	<b>277,535</b>	32,736
Change in fair value of derivative financial instruments ( <i>Note</i> )	<b>65,030</b>	29,735
Net profit on disposal of available-for-sale investments	<b>62,752</b>	65
Loss on disposal of property, plant and equipment	<b>(234)</b>	–
Net foreign exchange (loss) gain ( <i>Note</i> )	<b>(24,079)</b>	979
Gain on deemed disposal of an associate	–	34,794
Discount on acquisition of subsidiaries	–	27,541
	<u><b>381,004</b></u>	<u>125,850</u>

*Note:* During the six months ended 31 December 2013, the Group entered a forward foreign exchange contract with a financial institution in order to minimise the exchange rate exposure between Australian dollars (“AUD”) and United States dollars (“USD”) arising from a Loan. This forward foreign exchange contract is measured at fair value. A change in fair value amounting HK\$22,877,000 was credited to profit or loss and included in change in fair value of derivative financial instruments during the six months ended 31 December 2013. The carrying amount of the Loan was retranslated into the functional currency of the respective group entity at the end of the reporting period and a foreign exchange loss of HK\$20,589,000 was recognised in profit or loss and included in net foreign exchange loss during the six months ended 31 December 2013.

## 6. FINANCE COSTS

The finance costs represent interest as follows:

	Six months ended	
	31.12.2013 <i>HK\$'000</i> (unaudited)	31.12.2012 <i>HK\$'000</i> (unaudited)
Interest on:		
Other borrowings wholly repayable within five years	40,168	31,322
Bank borrowings wholly repayable within five years	35,827	43,609
Bonds	8,782	–
Promissory note	3,206	3,095
Obligations under finance leases	4,228	2,328
	<u>92,211</u>	<u>80,354</u>
Less: Amounts capitalised	<u>(5,201)</u>	<u>(18,871)</u>
	<u><b>87,010</b></u>	<u><b>61,483</b></u>

Interest expenses arising on specific loans were capitalised in properties under development for sale and construction in progress included in property, plant and equipment.

## 7. TAXATION

	Six months ended	
	31.12.2013 <i>HK\$'000</i> (unaudited)	31.12.2012 <i>HK\$'000</i> (unaudited)
The current tax comprises:		
Hong Kong Profits Tax for current period	(146)	–
Underprovision of Hong Kong Profits Tax in previous years	(10,291)	–
Enterprise income tax in the PRC	(7,238)	(290)
Land appreciation tax in the PRC	(8,942)	–
Deferred tax credit	33,127	446
	<u>6,510</u>	<u>156</u>

## 8. PROFIT FOR THE PERIOD

	Six months ended	
	31.12.2013 <i>HK\$'000</i> (unaudited)	31.12.2012 <i>HK\$'000</i> (unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs inclusive of directors' emoluments	104,554	56,318
Depreciation of property, plant and equipment	49,574	18,918
Release of prepaid lease payments	1,562	508
Amortisation of intangible assets (including in cost of goods and services)	878	206
Interest income from:		
– available-for-sale debt instruments	(2,226)	(1,265)
– bank deposits	(5,809)	(932)
Cost of inventories recognised as an expense (included in cost of goods and services)	148,997	54,193
Cost of properties held for sale recognised as an expense (included in cost of goods and services)	243,466	20,618

## 9. DIVIDENDS

The directors do not recommend the payment of an interim dividend for six months ended 31 December 2013 and 2012.

## 10. EARNINGS PER SHARE

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

	Six months ended	
	31.12.2013 <i>HK\$'000</i> (unaudited)	31.12.2012 <i>HK\$'000</i> (unaudited)
Earnings for the purpose of basic and diluted earnings per share attributable to owners of the Company	399,654	86,258
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	540,443,152	543,098,817

The computation of diluted earnings per share for the six months ended 31 December 2013 does not assume the exercise of share options granted by a subsidiary since such assumed exercise would increase the earnings per share.

No diluted earning per share has been presented as there was no potential ordinary share outstanding for the six months ended 31 December 2012.

## 11. INTERESTS IN ASSOCIATES

	<b>31.12.2013</b>	30.6.2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
Cost of investments in associates		
Listed in the Philippines	<b>26,448</b>	26,448
Listed in Hong Kong	<b>973,467</b>	973,467
Unlisted	<b>259,199</b>	229,199
Share of post-acquisition losses and other comprehensive expense, net of dividends received	<b>(260,591)</b>	(637,511)
Less: Impairment loss	<b>(621,199)</b>	(318,566)
	<b>377,324</b>	273,037

Share of results of associates, net of impairment on interests in associates:

	<b>Six months ended</b>	
	<b>31.12.2013</b>	31.12.2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Share of profit of associates	<b>383,193</b>	13,099
Impairment loss recognised on interest in an associate	<b>(302,633)</b>	–
	<b>80,560</b>	13,099

As at 31 December 2013, the carrying amount of the Group's interests in APAC Resources Limited ("APAC"), a company with its shares being listed on the Main Board of the Stock Exchange, was higher than its fair value. The Group performed an impairment assessment of its interest in APAC. Management compared the value in use with the fair values less cost to sell and concluded that the fair value less costs to sell is higher than the value in use. Based on the assessment, the recoverable amount of the Group's interests in APAC is estimated to be less than the carrying amount (before impairment) and an impairment loss of HK\$302,633,000 is recognised to profit or loss during the six months ended 31 December 2013.

## 12. DEBTORS, DEPOSITS AND PREPAYMENTS

	<b>31.12.2013</b> <i>HK\$'000</i> <b>(unaudited)</b>	30.6.2013 <i>HK\$'000</i> (audited)
Debtors from securities trading	<b>31,561</b>	17,474
Trade receivables arising from hospital operations	<b>29,853</b>	40,323
Deposits and receivables from the financial institutions	<b>19,744</b>	38,125
Prepayments	<b>22,403</b>	13,474
Prepaid business taxes and other PRC taxes	<b>3,985</b>	23,583
Deposits paid to suppliers	<b>3,177</b>	16,527
Other debtors and deposits	<b>41,533</b>	34,890
	<b>152,256</b>	184,396

The settlement terms of debtors from securities trading are 2 – 3 days after trade date and they are aged within 2 – 3 days as at 31 December 2013 and 30 June 2013.

The customers of hospital operations are either settled by cash, credit card or medical insurance. For credit card payment, the banks will pay the Group usually 7 days after the trade date. The medical insurance companies will usually pay the Group 90 days after the trade date.

The following is an aged analysis of trade receivable from hospital operation presented based on the invoice date (approximate the trade date) at the end of the reporting period:

	<b>31.12.2013</b> <i>HK\$'000</i> <b>(unaudited)</b>	30.6.2013 <i>HK\$'000</i> (audited)
0 – 30 days	<b>24,731</b>	19,912
31- 60 days	<b>4,414</b>	12,197
61 – 90 days	<b>708</b>	8,214
	<b>29,853</b>	40,323

### 13. CREDITORS AND ACCRUED CHARGES

	<b>31.12.2013</b> <i>HK\$'000</i> <b>(unaudited)</b>	30.6.2013 <i>HK\$'000</i> (audited)
Trade payables to construction contractors and of hospital operations	<b>210,617</b>	167,791
Creditors from securities trading	<b>28,106</b>	40,862
Accrued compensation for late delivery of properties held for sale	<b>9,125</b>	9,902
Accrued construction cost for properties under development for sale	<b>82,489</b>	37,388
Construction cost payable for hospital buildings classified as property, plant and equipment	<b>11,432</b>	12,238
Other creditors and accrued charges	<b>41,458</b>	64,440
	<b>383,227</b>	332,621

The settlement terms of creditors from securities trading are 2 – 3 days after trade date. Trade payables of hospital operations principally comprise amounts outstanding for trade purchases. Trade payables to construction contractors comprise construction costs for property development and other project. The normal credit period taken for these trade payables is 30 – 60 days.

The following is an aged analysis of trade payables to construction contractors and of hospital operations presented based on the invoice date at the end of the reporting period:

	<b>31.12.2013</b> <i>HK\$'000</i> <b>(unaudited)</b>	30.6.2013 <i>HK\$'000</i> (audited)
0 – 30 days	<b>72,028</b>	21,087
31- 60 days	<b>62,657</b>	20,555
61 – 90 days	<b>25,821</b>	26,972
91 – 365 days	<b>14,614</b>	89,914
Over 1 year but not exceeding two years	<b>25,937</b>	–
Over 2 years but not exceeding five years	<b>9,560</b>	9,263
	<b>210,617</b>	167,791



## **DIVIDEND**

The Directors do not recommend the payment of interim dividend for the six months ended 31 December 2013 (2012: nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL RESULTS**

For the six months ended 31 December 2013, the Group recorded a total revenue of HK\$917,866,000 (2012: HK\$570,515,000) and a profit attributable to shareholders of HK\$399,654,000 (2012: HK\$86,258,000) respectively. The improved profit was mainly due to the changes in fair value of investments held for trading of HK\$277,535,000 (2012: HK\$32,736,000) and derivative financial instruments of HK\$65,030,000 (2012: HK\$29,735,000); the net profit on disposal of available-for-sale investments of HK\$62,752,000 (2012: HK\$65,000) and an increase in share of profits of associates of HK\$383,193,000 (2012: HK\$13,099,000) but partially set-off by the impairment loss recognized on the Group's interest in a listed associate of HK\$302,633,000 (2012: nil). Earnings per share (basic and diluted) for the six months ended 31 December 2013 was HK\$0.74 (2012: basic HK\$0.16).

The Group's net asset value per share as at 31 December 2013 was HK\$2.48 (2012: HK\$3.48).

### **REVIEW OF OPERATIONS**

#### **Securities Trading and Investments**

The favorable economic and financial environment in the developed economies seen at the beginning of the fiscal year continued throughout the period under review. The improved economic growth, the low inflation and low interest rates and the liquidity provided by the respective central banks had led to several significant upsurges in the major financial markets. However, these market rallies were occasionally interrupted by market slumps which were prompted by the looming tapering of the monetary stimulus program of the Federal Reserve ("Fed") of the United States ("US") and mounting concerns over the economic well-being of the emerging markets.

Against this backdrop, though the Group's securities trading and investments recorded a reduced turnover of HK\$264,429,000 (2012: HK\$413,713,000) during the period under review, it achieved an improved profit of HK\$374,815,000 (2012: HK\$39,046,000), mostly attributed to the changes in fair value of investments held for trading of HK\$277,535,000 (2012: HK\$32,736,000) and derivative financial instruments of HK\$65,030,000 (2012: HK\$29,735,000), and net profit on the disposal of available-for-sale investments of HK\$62,752,000 (2012: HK\$65,000) inclusive of the on-market disposal of 80.9 million shares of Landing International Development Limited (formerly known as Greenfield Chemical Holdings Limited) as announced by the Group in July 2013. As at 31 December 2013, the Group maintained a portfolio of available-for-sale investments of HK\$243,246,000 (2012: HK\$290,696,000) and a trading portfolio of HK\$1,358,571,000 (2012: HK\$1,013,405,000).

## **Money Lending**

During the period under review, the Group's money lending business booked an increased turnover of HK\$38,731,000 (2012: HK\$8,525,000) and an enhanced profit of HK\$14,499,000 (2012: HK\$4,594,000) from its loan portfolio. As at 31 December 2013, the Group's loan portfolio increased to HK\$496,292,000 (2012: HK\$103,761,000) mainly following the novation of an Australian Dollar ("A\$") denominated short term loan receivable at a consideration of approximately A\$75.4 million as announced by the Group in October 2013.

## **Property Investments**

The Group's investment properties located in Hong Kong and China recorded a rental income of HK\$2,025,000 (2012: HK\$1,879,000) and profit of HK\$1,153,000 (2012: HK\$650,000) for the period under review. As at 31 December 2013, the Group's investment properties portfolio amounted to HK\$202,162,000 (2012: HK\$159,227,000).

## **Property Development and Hospital Operation**

The Group's hospital ownership and operation consists of the Nanjing Tongren Hospital (南京同仁醫院) opened in 2007 with a capacity of 1,200 beds and 957 medical staff and employees, the Kunming Tongren Hospital (昆明同仁醫院) opened in 2010 with a capacity of 500 beds and 723 medical staff and employees and the Yunnan Xinxinhua Hospital (雲南新新華醫院) opened in 2004 with a capacity of 240 beds and 339 medical staff and employees. All three are integrated hospitals offering a wide range of comprehensive clinical and healthcare services. During the period under review, the Group's hospital operation contributed a turnover of HK\$339,403,000 (2012: HK\$121,542,000) and a loss of HK\$14,182,000 (2012: HK\$21,122,000) mainly caused by the continuing upward trend in inflation and labour costs in the PRC especially for medical and technical staff.

Of 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, PRC with a total gross floor area of approximately 125,400 sqm with construction completed in June 2013 and to be completed in June 2015 respectively. During the period under review, the Group's property development business recorded a turnover of HK\$273,278,000 (2012: HK\$24,856,000) and a profit of HK\$1,369,000 (2012: HK\$1,959,000).

In August 2013, the Group entered into a sale and purchase agreement to dispose of its interest in Kunming Tongren Industrial Development Company Limited (昆明同仁實業開發有限公司) (“Kunming Tongren Industrial”) for a consideration of RMB324.995 million with a prepayment of RMB30 million received. 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 to the 24 flats (developed but unsold) in Dianchi Yinxiang Garden, in Kunming City in Yunnan Province of 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. The disposal is not yet completed as the parties are still in the course of obtaining separate land certificates for the elderly care use land and the nursery land.

In September 2013, the Group entered into an agreement to dispose of its entire shareholding of 65% of 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 with a deposit of RMB5 million received. The sole investment of Dongying Tongren is the Dongying Tongren International Health Centre project in Dongying in the Shandong Province of the PRC, which is still in the preliminary planning stage. The disposal will enable 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. The disposal is not yet completed as the purchaser is still in the course of its due diligence work.

## **PRINCIPAL ASSOCIATED COMPANIES**

For the six months ended 31 December 2013, the share of profits of associates of the Group, impairment loss recognized on interest in a listed associate and gain on deemed disposal of an associate was HK\$383,193,000 (2012: HK\$13,099,000), HK\$302,633,000 (2012: nil) and nil (2012: HK\$34,794,000) respectively. As at 31 December 2013, the Group’s investment in associates was HK\$377,324,000 (2012: HK\$1,009,932,000).

### **Mabuhay Holdings Corporation (“MHC”) – approximately 29.85% owned by the Group**

MHC is a company incorporated in the Philippines with its shares listed on the Philippine Stock Exchange (“PSE”) and is engaged in investment in securities, properties, and other investments in the Philippines. MHC’s major asset is an approximately 37.3% interest in IRC Properties, Inc. (“IRC”), whose shares are also listed on the PSE. IRC is principally engaged in real estate development with three real estate projects, inclusive of two low-cost socialize housing projects (in joint venture and in development phase) and a condominium project (in design phase), in the Binangonan area of Rizal Province close to Metro-Manila in the Philippines. MHC will be announcing its results for the year ended 31 December 2013 subsequent to the Group’s interim result announcement. The Group has incorporated the consolidated results of MHC based on its unaudited management accounts.

### **Think Future Investments Limited (“Think Future”) – 30% owned by the Group**

Think Future is an investment holding company and through its subsidiaries (collectively the “Think Future Group”), engaged in property development and project management businesses in the PRC. Currently Think Future Group has a development project located in Zhu Jia Jiao County, Shanghai which is developing into a showcase project comprising health industry headquarters and base, offering health and care services packages to the elderly.

### **APAC Resources Limited (“APAC”) – approximately 29.81% owned by the Group**

APAC is an established natural resources investment and commodities business company listed on the Hong Kong Stock Exchange. Focused on natural resources, its business line comprise primary strategic investment, resource investment and commodity business. APAC’s primary strategic investments include its approximately 26.6% shareholding in Mount Gibson Iron Limited (“MGX”), the fifth largest iron ore producer in Australia and an approximately 24.1% shareholding in Metals X Limited (“MLX”), Australia’s largest tin producer. MGX is a leading West Australian pure-play hematite iron ore producer listed on the Australian Stock Exchange (“ASX”). MGX has three mines in production with annual capacity of 10 million tonnes per annum of direct shipping ore. MLX is an Australian-based emerging diversified resource group also listed on the ASX with a primary focus on tin via its 50% interest in the producing Renison mine in Tasmania, gold through its recently acquired Higginsville and South Kalgoorlie operations plus existing assets of Westgold Resources Limited, and nickel through its world-scale Wingellina nickel project. APAC’s commodity business is based in Shanghai, currently trading iron ore and coal, and dominated by two offtake agreements with MGX and the shipments are sold on the spot market to steel mills and traders in the PRC.

For the period under review, APAC recorded a revenue of HK\$540,038,000 (2012: HK\$442,201,000) and profit attributable to shareholders of HK\$1,316,017,000 (2012: HK\$81,567,000). The profit includes a reversal of impairment losses of HK\$1,179,487,000 (2012: nil) against the carrying value of the APAC’s two principal listed associates. Before taking into account the reversal of impairment losses, APAC generated an operating profit of HK\$136,530,000, an improvement in profitability when compared with the profit reported in 2012. APAC’s primary strategic investments reported profit of HK\$162,503,000 (2012: HK\$109,704,000) and resource investment portfolio posted a loss of HK\$9,545,000 (2012: HK\$4,641,000). APAC’s commodity business achieved a profit of HK\$42,600,000 (2012: HK\$5,119,000).

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

As at 31 December 2013, the Group's non-current assets of HK\$2,194,478,000 (2012: HK\$2,980,785,000) consisted of investment properties of HK\$202,162,000 (2012: HK\$159,227,000), property, plant and equipment of HK\$1,442,590,000 (2012: HK\$1,476,893,000), prepaid lease payments of HK\$65,450,000 (2012: HK\$123,307,000), interests in associates of HK\$377,324,000 (2012: HK\$1,009,932,000), available-for-sale investments of HK\$69,744,000 (2012: HK\$195,874,000), intangible assets of HK\$15,852,000 (2012: HK\$15,552,000) and deposits for acquisition of property, plant and equipment of HK\$21,356,000 (2012: nil). These non-current assets are principally financed by shareholders' fund. As at 31 December 2013, the Group had net current assets of HK\$194,615,000 (2012: HK\$55,048,000).

As at 31 December 2013, the total borrowings of the Group amounted to HK\$3,180,762,000 (2012: HK\$2,628,474,000) consisting of securities margin loans of HK\$1,298,403,000 (2012: HK\$1,045,029,000), unsecured term loan of HK\$488,021,000 (2012: HK\$70,000,000), nil promissory note (2012: HK\$91,970,000), secured bank borrowings of HK\$249,232,000 (2012: HK\$1,038,810,000), unsecured bank borrowings of HK\$722,991,000 (2012: HK\$135,665,000), unsecured other borrowings of HK\$44,547,000 (2012: nil) discounted bills of HK\$130,568,000 (2012: nil) and bonds of HK\$247,000,000 (2012: HK\$247,000,000). Among the total borrowings, borrowings of HK\$196,727,000 (2012: HK\$91,970,000) and nil bonds (2012: HK\$247,000,000) were with maturity of more than one year but less than two years while borrowings of HK\$225,296,000 (2012: HK\$158,337,000) was with maturity of more than two years but less than five years. As at 31 December 2013, the Group's gearing ratio, calculated on the basis of the Group's net borrowings (after pledged bank deposits, restricted bank deposits and bank balances and cash) over total equity, was 146.8% (2012: 85.4%). The Group's gearing ratio would be adjusted to 63.3% (2012: 46.0%) with marketable securities inclusive of available-for-sale investments (current) and investments held for trading deducted from the net borrowings.

In July 2013, the Group entered into a mutual guarantee agreement with China Huali Holding Group Company Limited (中國華力控股集團有限公司) ("Huali"), a connected person of the Company, pursuant to which both parties agreed that should any party (inclusive of their subsidiaries) apply for a loan or loans from a bank or financial institution, and if the lender so requires, then the other party shall provide a corporate guarantee for the obligations of the borrower under the loan. The total loan amounts guaranteed by each party shall not exceed RMB300 million. A corporate guarantee from PRC corporations is commonly required as a security or additional security for financial transactions in the PRC to secure the obligations of the borrower and the mutual guarantee agreement would enable and facilitate the Group to obtain loans from third party lenders in order to support its ordinary and usual course of business in the PRC.



During the period under review, the Group's assets, liabilities and transactions were mainly denominated in Hong Kong Dollar, Australian Dollar, Taiwan Dollar, Renminbi and Malaysian Ringgit. Because of the short term nature, the Group partially hedged risks arising from its Australian Dollar denominated assets and transaction and did not actively hedge risks arising from Malaysian Ringgit denominated assets and transactions. The exchange rate of the Taiwan Dollar and Renminbi were relatively stable during the period. The Group was not materially affected by its exposure to these currencies.

As at 31 December 2013, the Group had capital commitments contracted but not provided for of HK\$1,755,000 (2012: HK\$19,581,000).

As at 31 December 2013, the Group provided guarantees of RMB140,000,000 (approximately HK\$179,212,000) to Huali under the mutual guarantee, while Huali and its subsidiaries provided guarantees of RMB229,000,000 (approximately HK\$293,139,000) to Tongren Healthcare and its subsidiaries under the mutual guarantee. As at 31 December 2013, the fair value of the guarantees is estimated to be insignificant. As at 31 December 2013, the Group had no other material contingent liabilities (2012: nil).

## **CHARGE ON GROUP ASSETS**

As at 31 December 2013, the Group's investments held for trading of HK\$1,333,661,000 (2012: HK\$975,136,000), interests in associates of HK\$328,889,000 (2012: HK\$977,648,000), buildings and construction in progress (included in the property, plant and equipment) of HK\$619,225,000 (2012: HK\$584,314,000), available-for-sale investments of HK\$227,835,000 (2012: HK\$250,791,000), prepaid lease payment of HK\$97,324,000 (2012: HK\$94,776,000), properties under development for sale of HK\$25,337,000 (2012: HK\$82,143,000), properties held for sale of HK\$23,231,000 (2012: nil) and pledged bank deposits of HK\$262,027,000 (2012: HK\$88,592,000) were pledged to securities houses and banks to secure credit facilities granted to the Group.

At 30 June 2013, the shares of Kunming Tongren Industrial and Kunming Tongren Hospital Company Limited, both non-wholly owned subsidiaries of the Company, were pledged to banks for borrowings granted. The pledge was released upon repayment of loans during the six months ended 31 December 2013.

The Group's obligations under finance leases are secured by the Group's charge over the leased assets. At 31 December 2013, the carrying amount of the Group's medical equipment includes an amount of HK\$141,534,000 (2012: HK\$166,000,000) in respect of assets held under finance leases.

## **EMPLOYEES**

The Group had 2,116 employees as at 31 December 2013 (2012: 2,120). The Group ensures that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

## **PROSPECTS**

The global financial markets went through some volatility in late 2013 with the emerging markets suffering capital outflows since the US Fed indicated an earlier winding down of its quantitative easing program. The volatility intensified when the US Fed actually began the tapering process towards the end of 2013. Added to this were the uncertainties caused by the on-going political infighting and paralysis in the US. The social unrest in Europe and other part of the world and geopolitical tension and posturing in Asia will continue to weigh on the global economy and financial markets.

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.

## **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

During the period, the Company repurchased a total of 5,760,000 ordinary shares in the capital of the Company on The Stock Exchange of Hong Kong Limited in the range from HK\$1.75 to HK\$2.38 for a total consideration of HK\$12,543,960. The said shares were subsequently cancelled.

Out of 5,760,000 repurchased ordinary shares, 5,540,000 repurchased ordinary shares were cancelled during the period, and the remaining 220,000 repurchased ordinary shares were cancelled subsequent to the period end date. The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The above repurchases were effected by the Directors pursuant to the mandate from shareholders, with a view to benefit Shareholders as a whole in enhancing the net assets value and/or earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

## **AUDIT COMMITTEE REVIEW**

The Audit Committee has reviewed with the management of the Company (the "Management") the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the interim report (including unaudited interim condensed consolidated financial statements for the six months ended 31 December 2013). In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA as well as reports obtained from the Management. The Audit Committee has not undertaken detailed independent audit checks.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company has complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the six months ended 31 December 2013.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the Company’s code of conduct regarding Director’s securities transactions. Having made specific enquiry with all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the six months ended 31 December 2013.

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

Hong Kong, 27 February 2014

*As at the date of this announcement, the Board comprises Ms. Chong Sok Un (Chairman), Dato’ Wong Peng Chong and Mr. Kong Muk Yin as Executive Directors; and Mr. Lau Siu Ki, Mr. Ma Wah Yan and Mr. Zhang Jian as Independent Non-Executive Directors.*