

An abstract painting featuring a light-colored background with several purple leaves and stems. The lower half of the image is dominated by a dense field of blue and white spirals, with some orange accents. The overall style is textured and expressive.

1st QUARTERLY REPORT
2009

For the three months ended 31 March

CROSBY
CAPITAL LIMITED

Stock Code: 8088

Characteristics of The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Exchange")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid reports in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

Hong Kong Exchange and Clearing Limited and the Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Crosby Capital Limited collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Exchange for the purpose of giving information with regard to Crosby Capital Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

ABOUT CROSBY CAPITAL LIMITED

Crosby Capital Limited ("Crosby" or the "Company" and, together with its subsidiaries, the "Group") is an independent merchant banking and asset management group listed on the Hong Kong Stock Exchange's GEM board (HK GEM 8088), with offices in Hong Kong, the United Kingdom and representation in other parts of Asia.

The Group is engaged in the businesses of merchant banking, asset management and direct investment. Its subsidiary, Crosby Asset Management Inc. ("CAM"), which carries out the Group's asset management business, is quoted on the AIM Market of the London Stock Exchange (CSB LN).

MANAGEMENT DISCUSSION AND ANALYSIS

The loss attributable to shareholders for the first quarter of 2009 was US\$4.2 million compared to a loss of US\$24.8 million for the same quarter last year.

Revenue decreased to US\$0.9 million when compared to US\$7.9 million for the same quarter last year. The decrease in revenue is attributable to CAM's asset and wealth management businesses.

Total operating expenses (excluding cost of sales, loss on financial assets and finance costs) for the quarter ended 31 March 2009 were US\$5.9 million compared with US\$13.7 million for the same period last year. The decrease is mainly attributable to reduced staff costs as staff numbers have significantly reduced from 135 at the beginning of 2008 to 61 at 31 March 2009.

Merchant Banking

The merchant banking business, which is 100% owned by Crosby, continued to make good progress in a variety of transactions where we have negotiated a carried interest in the underlying assets. However, capital raising and visibility of realizations both remain affected by market conditions.

ADM Loan

In June 2008, Coniston International Capital Limited ("Coniston"), a 100% subsidiary of Crosby, participated in the amount of US\$9,815,000 in a loan to Asia Special Situations GJP1 Limited, a wholly owned subsidiary of IB Daiwa Corporation ("IBD"), from ADM Galleus Fund Limited ("ADM"), an investment fund managed by Asia Debt Management Hong Kong Limited (the "ADM Loan"). At 31 March 2009, the Group has made provision against the ADM Loan in the amount of US\$2,496,000 to reflect the discounted value of the fair value of the security provided by IB Daiwa. The principal security is AIM listed Leed Petroleum which traded at a price of 16.75p at 31 March 2009. During the quarter under review, US\$1,679,000 of the ADM Loan was prepaid to Coniston.

Crosby Wealth Management

Crosby Wealth Management ("CWM"), in which CAM has a 56.14% interest, modestly increased its assets under management over the quarter. However, margins remained subdued primarily due to low trading volumes. There were no further significant developments in the legal proceedings (as set out in the Company's Final Results Announcement dated 19 March 2009) brought by a client in Hong Kong concerning a trade execution error. Your management believes that there are some early signs that the second quarter may be stronger as investor sentiment improves.

Apollo

Apollo Multi-Asset Management LLP ("Apollo") in which CAM has a 51% interest has still not reached critical mass in terms of assets under management. CAM will continue actively to monitor its position in Apollo as cost control is of paramount importance.

Crosby Active Opportunities Fund

CAM's Crosby Active Opportunities Fund ("CAOF") had a year-to-date return to 31 March 2009 of approximately 5.8% and from inception of -27.85% (excluding side pocket investments). However, given that the recurring fees from CAOF remain modest, it is being closely monitored and its immediate future contemplated.

Forsyth

CAM continued to work on closing the Forsyth fund of funds during the quarter as they had become uneconomical due to investor redemptions in the later part of 2008. It is currently anticipated that a liquidator will be appointed for the Forsyth hedge fund of funds by June 2009.

Orchard Petroleum

At 31 March 2009, Orchard Petroleum in which CAM has a 5% interest (rising to between 9% and 10% after the repayment of debt to preference shareholders), has an inventory of 50 wells, of which 41 wells are producing and the remainder are at various stages of appraisal.

UNAUDITED CONSOLIDATED INCOME STATEMENT

The board of directors (the "Board") of the Company is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2009 (the "Review Period"), together with the comparative unaudited figures of the corresponding period in 2008, as follows:

		(Unaudited) Three Months Ended 31 March	
	<i>Notes</i>	2009 US\$'000	2008 US\$'000
Revenue	3	902	7,944
Cost of sales		(90)	(1,855)
Gross profit		812	6,089
Gain/(Loss) on financial assets at fair value through profit or loss		159	(22,200)
Gain on financial liabilities at fair value through profit or loss		–	80
Other income	3	276	892
Administrative expenses		(4,587)	(12,946)
Distribution expenses		–	(1)
Other operating expenses		(1,273)	(721)
Loss from operations		(4,613)	(28,807)
Finance costs		(371)	(363)
Share of profits of jointly controlled entities		25	33
Share of (losses)/profits of associates		(17)	16
Loss before taxation		(4,976)	(29,121)
Taxation	4	24	(76)
Loss for the period		(4,952)	(29,197)
Attributable to:			
Equity holders of the Company		(4,234)	(24,766)
Minority interests		(718)	(4,431)
Loss for the period		(4,952)	(29,197)
Loss per share attributable to equity holders of the Company during the period	6	<i>US cents</i>	<i>(Restated) US cents</i>
– Basic		(1.28)	(7.36)
– Diluted		N/A	N/A

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		(Unaudited) Three Months Ended 31 March	
	<i>Note</i>	2009 US\$'000	2008 US\$'000
Loss for the period		(4,952)	(29,197)
Other comprehensive income:			
Exchange differences on translating foreign operations		(67)	4
Available-for-sale investments			
Deficit on revaluation		(294)	(419)
Reclassification to profit or loss		436	–
Share of other comprehensive income of associates		(16)	(3)
Share of other comprehensive income of jointly controlled entities		4	–
Other comprehensive income for the period, net of tax		<u>63</u>	<u>(418)</u>
Total comprehensive income for the period, net of tax		<u>(4,889)</u>	<u>(29,615)</u>
Attributable to:			
Equity holders of the Company	5	(4,177)	(25,117)
Minority interests		<u>(712)</u>	<u>(4,498)</u>
		<u>(4,889)</u>	<u>(29,615)</u>

NOTES TO THE UNAUDITED CONSOLIDATED INCOME STATEMENT

1. Basis of presentation

The Company was incorporated in the Cayman Islands on 21 February 2000 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and, its principal place of business is 2701, Citibank Tower, 3 Garden Road, Central, Hong Kong. The Company's shares have been listed on The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 April 2000.

The unaudited consolidated financial statements have been prepared in accordance with recognition and measurement requirements of International Financial Reporting Standards ("IFRSs") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange ("GEM Listing Rules"). The unaudited consolidated financial statements have been prepared under historical cost basis except for certain financial instruments which are measured at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the unaudited consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the audited consolidated financial statements, are consistent with those set out in the Company's annual audited consolidated financial statements for the year ended 31 December 2008.

These consolidated financial statements for the three months ended 31 March 2009 are unaudited but have been reviewed by the audit committee of the Company.

2. Principal accounting policies

The principal accounting policies adopted in the unaudited consolidated financial statements are consistent with those followed in the annual audited consolidated financial statements for the year ended 31 December 2008.

3. Revenue and other income

Revenue comprises corporate finance and other advisory fees, fund management fee and wealth management services fee.

Other income mainly comprises interest income, profits on disposal of investments, fee on arrangement of loans and bad debt recoveries.

4. Taxation

Hong Kong and overseas income tax for the three months ended 31 March 2009 have been calculated at the rates prevailing in the relevant jurisdictions.

No recognition of potential deferred tax assets of the Group has been made as the recoverability of the potential tax assets is uncertain.

5. Movements in reserves (unaudited)

	Share premium US\$'000	Capital reserve US\$'000	Capital redemption reserve US\$'000	Employee share-based compensation reserve US\$'000	Investment revaluation reserve US\$'000	Foreign exchange reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
At 1 January 2009	106,444	4,872	77	11,923	(823)	(19)	(123,837)	(1,383)
Employee share-based compensation	-	-	-	635	-	-	-	635
Lapse of share options	-	-	-	(74)	-	-	74	-
Transactions with owners	-	-	-	561	-	-	74	635
Loss for the period	-	-	-	-	-	-	(4,234)	(4,234)
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	-	-	(56)	-	(56)
Available-for-sale investments								
Deficit on revaluation	-	-	-	-	(246)	-	-	(246)
Reclassification to profit or loss	-	-	-	-	369	-	-	369
Share of other comprehensive income of associates	-	-	-	-	-	(14)	-	(14)
Share of other comprehensive income of jointly controlled entities	-	-	-	-	-	4	-	4
Total comprehensive income for the period	-	-	-	-	123	(66)	(4,234)	(4,177)
At 31 March 2009	106,444	4,872	77	12,484	(700)	(85)	(127,997)	(4,905)
At 1 January 2008	106,895	4,872	20	9,285	312	100	(63,231)	58,253
Effect on exercising share options of a subsidiary	-	-	-	(21)	-	-	-	(21)
Employee share-based compensation	-	-	-	1,237	-	-	-	1,237
Transactions with owners	-	-	-	1,216	-	-	-	1,216
Loss for the period	-	-	-	-	-	-	(24,766)	(24,766)
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	-	-	4	-	4
Deficit on revaluation of available-for-sale investments	-	-	-	-	(352)	-	-	(352)
Share of other comprehensive income of associates	-	-	-	-	-	(3)	-	(3)
Total comprehensive income for the period	-	-	-	-	(352)	1	(24,766)	(25,117)
At 31 March 2008	106,895	4,872	20	10,501	(40)	101	(87,997)	34,352

6. Loss per share attributable to equity holders of the Company

(a) Basic loss per share

The calculation of the basic loss per share for the three months ended 31 March 2009 is based on the loss attributable to equity holders of the Company of US\$4,234,000 (2008: US\$24,766,000) and the weighted average number of ordinary shares of 330,597,984 (2008: 336,288,125) in issue during the three months ended 31 March 2009.

The basic loss per share for the three months ended 31 March 2008 has been restated as adjusted for the share consolidation on the basis that every ten issued and unissued shares of US\$0.001 each consolidated into one consolidated share of US\$0.01 each.

(b) Diluted loss per share

No diluted loss per share for the three months ended 31 March 2009 and 31 March 2008 are shown, as the outstanding share options were anti-dilutive.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2009 (2008: Nil).

DISCLOSURE OF INTERESTS

(a) Directors

As at 31 March 2009, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which 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 interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

(i) Interests in the ordinary shares of the Company

Name of Directors	Personal Interest	Family interest	Corporate interest	Aggregate long position in ordinary shares of the Company	Percentage which the aggregate long position in ordinary shares represents to the total ordinary shares of the Company in issue %
Ilyas Tariq Khan (Notes 1 & 2)	8,249,407	-	41,828,278	50,077,685	16.56
Johnny Chan Kok Chung (Note 3)	15,155,320	1,609,738	-	16,765,058	5.54
Simon Jeremy Fry	11,018,658	-	-	11,018,658	3.64
Joseph Tong Tze Kay	500,000	-	-	500,000	0.17
Daniel Yen Tzu Chen	200,000	-	-	200,000	0.07
Peter McIntyre Koenig	350,000	-	-	350,000	0.12

Note 1: TW Indus Limited held 19,339,914 ordinary shares. TW Indus Limited was beneficially wholly-owned by Ilyas Tariq Khan.

Note 2: ECK & Partners Limited held 22,488,364 ordinary shares. ECK & Partners Limited was beneficially owned as 88.86% by Ilyas Tariq Khan. Since Ilyas Tariq Khan is entitled to exercise more than one third of the voting power at general meetings of ECK & Partners Limited, he is deemed to be interested in 22,488,364 ordinary shares owned by ECK & Partners Limited.

Note 3: Yuda Udomritthiruj held 1,609,738 ordinary shares. Yuda Udomritthiruj, an employee of a subsidiary of the Company, is the wife of Johnny Chan Kok Chung and, accordingly, he is deemed to have interests in her shares.

(ii) Interests in the underlying shares of the Company

The interests in the underlying shares of the Company arise from unlisted share options (physically settled equity derivatives) granted to the Directors of the Company under the Company's Share Option Scheme, details of which are provided below:

Name of Directors	Date of grant	Subscription price	Aggregate long position in underlying shares of the Company	Percentage which the aggregate long position in underlying shares of the Company represents to the total ordinary share capital of the Company in issue %
Ilyas Tariq Khan	26 April 2006	HK\$7.70	6,000,000	
	11 February 2008	HK\$1.80	2,500,000	
			8,500,000	2.81
Johnny Chan Kok Chung	26 April 2006	HK\$7.70	6,000,000	
	11 February 2008	HK\$1.80	3,000,000	
			9,000,000	2.98
Simon Jeremy Fry	26 April 2006	HK\$7.70	6,000,000	
	11 February 2008	HK\$1.80	3,000,000	
			9,000,000	2.98
Ahmad S. Al-Khaled	24 March 2006	HK\$7.70	500,000	
	29 January 2007	HK\$3.65	250,000	
	11 February 2008	HK\$1.80	500,000	
	29 December 2008	HK\$0.18	500,000	
			1,750,000	0.58
Daniel Yen Tzu Chen	24 March 2006	HK\$7.70	500,000	
	29 January 2007	HK\$3.65	250,000	
	11 February 2008	HK\$1.80	500,000	
	29 December 2008	HK\$0.18	500,000	
			1,750,000	0.58
Peter McIntyre Koenig	24 March 2006	HK\$7.70	500,000	
	29 January 2007	HK\$3.65	250,000	
	11 February 2008	HK\$1.80	500,000	
	29 December 2008	HK\$0.18	500,000	
			1,750,000	0.58
Joseph Tong Tze Kay	24 March 2006	HK\$7.70	500,000	
	29 January 2007	HK\$3.65	250,000	
	11 February 2008	HK\$1.80	500,000	
	29 December 2008	HK\$0.18	500,000	
			1,750,000	0.58

(iii) Interests in the non-voting convertible deferred shares of the Company

Name	Number or approximate attributable number of non-voting convertible deferred shares	Percentage which the long position in aggregate non-voting convertible deferred shares represents to the total non-voting convertible deferred shares currently in issue
Simon Jeremy Fry	29,250,000	100%

(iv) Short Positions

None of the Directors held short positions in the shares and underlying shares of the Company or any Associated Corporation.

(v) Interests in the shares of an Associated Corporation

Name of Directors	Associated corporation	Personal interest	Corporate interest	Aggregate long position in shares of the Associated Corporation	Percentage which the aggregate long position in shares of the Associated Corporation represents to the issued share capital of the Associated Corporation %
Ilyas Tariq Khan (Note 1 & 2)	Crosby Asset Management Inc.	100,000	-	100,000	0.04
	Crosby (Hong Kong) Limited	1	110,001	110,002	0.04
Johnny Chan Kok Chung	Crosby Asset Management Inc.	40,000	-	40,000	0.02
	Crosby (Hong Kong) Limited	30,000	-	30,000	0.01
Simon Jeremy Fry	Crosby Asset Management Inc.	100,000	-	100,000	0.04

Note 1: TW Indus Limited held 40,001 shares in Crosby (Hong Kong) Limited. TW Indus Limited was beneficially wholly-owned by Ilyas Tariq Khan.

Note 2: ECK & Partners Limited held 70,000 shares in Crosby (Hong Kong) Limited. ECK & Partners Limited was beneficially owned as 88.86% by Ilyas Tariq Khan. Since Ilyas Tariq Khan is entitled to exercise more than one third of the voting power at general meetings of ECK & Partners Limited, he is deemed to be interested in 70,000 shares owned by ECK & Partners Limited.

(vi) Interests in the underlying shares of the Associated Corporation

The interests in the underlying shares of Crosby Asset Management Inc. (“CAM”) arise from unlisted share options (physically settled equity derivatives) granted to the Directors of the Company under the CAM’s Share Option Scheme, details of which are provided below:

Name of Directors	Date of grant	Subscription price	Aggregate long position in underlying shares of the Associate Corporation	Percentage which the aggregate long position in underlying shares of the Associate Corporation represents to the issued share capital of the Associate Corporation %
Ilyas Tariq Khan	11 January 2008	22.25 pence	1,200,000	0.49
Johnny Chan Kok Chung	11 January 2008	22.25 pence	2,400,000	0.98
Simon Jeremy Fry	11 January 2008	22.25 pence	1,200,000	0.49

Save as disclosed above, as at 31 March 2009, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which 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 interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

(b) Disclosure of interests of Substantial Shareholders and Other Persons

So far as is known to any Director or the chief executive of the Company, as at 31 March 2009, the following persons, other than the Directors or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

(i) Interests in the ordinary shares and underlying shares of the Company

Name	Number or approximate attributable number of ordinary shares	Aggregate long position in underlying shares of the Company	Approximate percentage or approximate attributable percentage holding of ordinary shares currently in issue and/or percentage which the aggregate long position in underlying shares of the Company represents to the total ordinary share capital of the Company in issue
PMA Capital Management Limited (Note 1)	38,892,600	-	12.91%
Deutsche Bank Aktiengesellschaft	-	38,758,600	12.86%
TBV Holdings Limited (Note 2)	30,205,500	-	10.02%
ECK & Partners Limited (Note 3)	22,488,364	-	7.46%
PMA Prospect Fund (Note 1)	20,241,400	-	6.72%
TW Indus Limited (Note 4)	19,339,914	-	6.42%
Diversified Asian Strategies Fund (Note 1)	18,651,200	-	6.19%

Note 1: PMA Capital Management Limited is the investment advisor of PMA Prospect Fund and Diversified Asian Strategies Fund, which are Independent Third Parties. The interest of PMA Prospect Fund and Diversified Asian Strategies Fund in 20,241,400 ordinary shares and 18,651,200 ordinary shares respectively are included in the interest of PMA Capital Management Limited in 38,892,600 ordinary shares.

Note 2: TBV Holdings Limited is a company wholly-owned by the Kuwait Fund for Arab Economic Development, a development finance agency owned by the government of Kuwait.

Note 3: Since Ilyas Tariq Khan is entitled to exercise more than one third of the voting power at general meetings of ECK & Partners Limited, the interest of ECK & Partners Limited in 22,488,364 ordinary shares is duplicated in the 50,077,685 ordinary shares in which Ilyas Tariq Khan is interested as a Director.

Note 4: TW Indus Limited held a direct interest in 19,339,914 ordinary shares. Ilyas Tariq Khan was beneficially interested in 100% of the share capital of TW Indus Limited and, therefore, Ilyas Tariq Khan was also interested in these 19,339,914 ordinary shares which are duplicated within the 50,077,685 ordinary shares in which Ilyas Tariq Khan was interested as a Director.

(ii) Short Positions

No person held short positions in the Shares and Underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Save as disclosed above, as at 31 March 2009, the Directors of the Company were not aware of any other person who had an interest or short position in the Shares and Underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at 31 March 2009, no other person had interests which were recorded in the register required to be kept under section 336 of the SFO.

(c) Share Options

Pursuant to the Company's Share Option Scheme, a duly authorised committee of the board of Directors of the Company may, at its discretion, grant options to eligible employees, including Executive Directors, of the Company or any of its subsidiaries to subscribe for shares in the Company at a price not less than the higher of (i) the closing price of the Shares of the Company on the Exchange on the date of grant of the particular option or (ii) the average of the closing prices of the Shares of the Company for the five trading days immediately preceding the date of the grant of the options or (iii) the nominal value of the shares.

Share options granted under the Share Option Scheme are exercisable as follows:

- (a) the first thirty percent of the options between the first and tenth anniversary of the date of grant;
- (b) the next thirty percent of the options between the second and tenth anniversary of the date of grant; and
- (c) the remaining options between the third and tenth anniversary of the date of grant.

The following table sets out information relating to the Share Option Scheme:

Date of options grant	Options granted	Options exercise price	Options lapsed since grant	Options outstanding	Options exercisable as at 31 March 2009
27 March 2002	24,824,470	HK\$0.704	(24,794,470)	30,000	30,000
18 March 2003	5,400,000	HK\$0.350	(5,400,000)	-	-
14 May 2003	1,500,000	HK\$0.350	(1,000,000)	-	-
18 June 2003	2,606,400	HK\$0.350	(2,606,400)	-	-
11 July 2003	31,200,000	HK\$0.350	(31,200,000)	-	-
1 December 2003	2,100,000	HK\$0.350	(2,100,000)	-	-
20 August 2004	1,500,000	HK\$0.350	-	-	-
24 March 2006	4,000,000	HK\$7.700	(1,000,000)	3,000,000	3,000,000
26 April 2006	18,000,000	HK\$7.700	-	18,000,000	10,800,000
29 January 2007	1,000,000	HK\$3.650	-	1,000,000	600,000
11 February 2008	11,750,000	HK\$1.800	-	11,750,000	3,525,000
29 December 2008	2,000,000	HK\$0.180	-	2,000,000	-
	<u>105,880,870</u>		<u>(68,100,870)^{(i)(Note)}</u>	<u>35,780,000</u>	<u>17,955,000</u>

Note: Includes 51,856,400 of share options that have lapsed and are not available for re-use.

No options granted under the Share Option Scheme had been exercised during the three months ended 31 March 2009.

(d) Competing Interests

So far as the Directors are aware, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates have any interests in a business which competes or may compete with the business of the Group.

AUDIT COMMITTEE

The Company established an audit committee on 31 March 2000 with the written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises three Independent Non-Executive Directors, Messrs. Joseph Tong Tze Kay, Daniel Yen Tzu Chen and Peter McIntyre Koenig. The primary duties of the audit committee are to review and supervise the Company's financial reporting process and internal control systems.

The audit committee meets at least quarterly with the most recent meeting held on 12 May 2009. The audited financial statements for the three months ended 31 March 2009 have been reviewed by the audit committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the three months ended 31 March 2009 (three months ended 31 March 2008: Nil). Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the three months ended 31 March 2009 (three months ended 31 March 2008: 3,620,000 ordinary shares were purchased by the Company at prices between HK\$0.104 and HK\$0.131 which were cancelled on 16 April 2008).

By Order of the Board

Ilyas Tariq Khan

Chairman and Chief Executive Officer

Hong Kong, 14 May 2009

As at the date of this report, the Directors of the Company are

Executive Director: Ilyas Tariq Khan

Non-Executive Directors: Johnny Chan Kok Chung, Ahmad S. Al-Khaled and Simon Jeremy Fry

Independent Non-Executive Directors: Daniel Yen Tzu Chen, Peter McIntyre Koenig and Joseph Tong Tze Kay