THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Crosby Capital Limited (the "**Company**"), you should at once hand this circular and accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

CROSBY

CROSBY CAPITAL LIMITED

(高誠資本有限公司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8088)

(1) MAJOR ACQUISITION – ACQUISITION OF 100% OF SHIKUMEN CAPITAL MANAGEMENT (HK) LIMITED; (2) PROPOSED PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE AND (3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

Capitalised terms used on this cover shall have the same meanings as those defined in the section headed "Definitions" in this circular.

The EGM to be held at 18th Floor, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong at 10:00 a.m. on Tuesday, 10 August 2010. The notice of EGM, is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use thereat is also enclosed. Whether or not you are able to attend and vote at the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company at 18th Floor, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the meeting or any adjournment thereof (as the case may be), should you so wish.

This circular will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for seven days from the date of its publication.

* *for identification purposes only*

26 July 2010

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. 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.

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

"AIM"	the Alternative Investment Market operated by the London Stock Exchange
"Announcement"	the announcement of the Company dated 25 June 2010 in relation to the Shikumen Acquisition, the Disposal, the Placing and the increase in authorised share capital
"AUM"	assets under management
"associates"	has the meaning ascribed to it in the GEM Listing Rules
"Board"	the board of Directors
"Bondholders"	holders of the New Bonds
"Business Day"	a day on which banks in Hong Kong and London are open for general banking business (other than a Saturday or a day on which typhoon signal 8 or above or a black rainstorm is hoisted in Hong Kong at 10:00 a.m. on that day)
"CAM"	Crosby Asset Management Inc., a company incorporated in the Cayman Islands with limited liability
"CAM Agreement"	the agreement dated 24 June 2010 entered into between CAM and the Company in respect of the sale of various businesses, assets and liabilities of CAM to the Company under the Crosby Restructuring, details of which are set out in the Announcement
"CAM Shareholder Loan"	the loan due from CAM to the Group as at completion of the Crosby Restructuring. For reference, the amount due from CAM to the Group is approximately US$1 million as at the Latest Practicable Date
"Company"	Crosby Capital Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM

"connected person(s)"	has the meaning ascribed to it in the GEM Listing Rules
"Consideration Shares"	130,000,000 new Shares to be issued to Shikumen Capital (or its designated wholly-owned subsidiary), as part of the consideration for the Shikumen Acquisition, upon completion
"Conversion Price"	HK$0.18 per Conversion Share (subject to adjustment and re-set)
"Conversion Shares"	the Shares to be issued upon conversion of the New Bonds
"Crosby Restructuring"	the restructuring of the business, assets and liabilities within the Group pursuant to the CAM Agreement
"Directors"	directors of the Company
"Disposal"	the disposal of certain sale assets by the Company pursuant to the Disposal Agreement
"Disposal Agreement"	the agreement dated 24 June 2010 entered into between ECK Partners and the Company in relation to the Disposal, details of which are set out in the Announcement
"ECK Partners"	ECK Partners Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and beneficially owned as to 88.86% by TW Indus Limited (a company wholly-owned by Mr. Khan) and 11.14% by Mr. Robert John Richard Owen (the non-executive chairman and a director of CAM)
"EGM"	an extraordinary general meeting of the Company to be convened and held to approve (i) the Shikumen Acquisition, (ii) the Specific Mandate, and (iii) the proposed increase in the authorised share capital of the Company
"Enlarged Group"	the Group (after completion of the Crosby Restructuring) and SCHK
"Existing Bondholders"	holder(s) of the Existing Bonds

"Existing Bonds"	the existing US$75,000,000 zero coupon convertible bonds of the Company due 2011 issued pursuant to a purchase agreement of the Company dated 6 March 2006, details of which are set out in the announcement of the Company dated 7 March 2006
"Funds"	Shikumen Offshore Feeder Fund and Shikumen Special Situation Fund
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	third party(ies) independent of, and not connected with, the Company and its connected persons
"Last Trading Day"	24 June 2010
"Latest Practicable Date"	21 July 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Mr. Khan"	Mr. Ilyas Tariq Khan, the chairman, the chief executive officer and a director of the Company
"New Bonds"	the Tranche 1 New Bonds and the Tranche 2 New Bonds
"Placing"	the placing of the New Bonds pursuant to the terms of the Placing Agreement
"Placing Agent" or "Emperor Securities"	Emperor Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
"Placing Agreement"	the placing agreement dated 24 June 2010 entered into between the Company and the Placing Agent in relation to the Placing

"SC Sale Shares"	2,500,000 shares of SCHK of HK$1.00 each, representing the entire issued share capital of SCHK
"SCHK"	Shikumen Capital Management (HK) Limited, a company incorporated in Hong Kong with limited liability and licensed by the Securities and Futures Commission under the SFO for the provision of type 4 (advising on securities) and type 9 (asset management) regulated activities in Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of US$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shikumen Acquisition"	the acquisition of the entire issued share capital of SCHK by the Company
"Shikumen Acquisition Agreement"	the sale and purchase agreement dated 24 June 2010 entered into between Shikumen Capital, the Company, Mr. Nelson Tang Yu Ming and Mr. Jeffrey Lau Chun Hung in relation to the Shikumen Acquisition
"Shikumen Capital"	Shikumen Capital Management Limited, an exempted company incorporated in the Cayman Islands with limited liability
"Specific Mandate"	the respective special mandate for the issue of the Conversion Shares and the Consideration Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Code on Takeovers and Mergers approved by the Securities and Futures Commission of Hong Kong
"Tranche 1 New Bonds"	the convertible bonds proposed to be issued by the Company with an aggregate principal amount of HK$160 million
"Tranche 2 New Bonds"	the convertible bonds proposed to be issued by the Company with an aggregate principal amount of HK$90 million

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"US$"	United States dollars, the lawful currency of the United States
"%"	per cent.

Note: Unless otherwise specified herein, amounts denominated in US$ in this circular have been translated, for the purpose of illustration only, into HK$ or vice versa at the rate of HK$7.80 = US$1.00. No representation is made that any amount in US$ or HK$ could have been or could be converted at the above rates or at any other rates at all.

CROSBY

CROSBY CAPITAL LIMITED
(高誠資本有限公司)*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8088)

Executive Director:
Ilyas Tariq Khan *(Chairman)*

Non-executive Directors:
Ahmad S. Al-Khaled
Johnny Chan Kok Chung

Independent non-executive Directors:
Daniel Yen Tzu Chen
Peter McIntyre Koenig
Joseph Tong Tze Kay

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
18th Floor, Fairmont House
8 Cotton Tree Drive, Central
Hong Kong

26 July 2010

To the Shareholders and the holders of share options granted under the Company's employee share option scheme adopted on 27 March 2002

Dear Sir or Madam,

**(1) MAJOR ACQUISITION –
ACQUISITION OF 100% OF
SHIKUMEN CAPITAL MANAGEMENT (HK) LIMITED;
(2) PROPOSED PLACING OF CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE
AND
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

INTRODUCTION

Reference is made to the Announcement in relation to, inter alia, the acquisition of the entire issued share capital of SCHK, proposed placing of the New Bonds and proposed increase in authorised share capital of the Company.

The purpose of this circular is to provide you with further details in relation to, among other things, (i) the Shikumen Acquisition, proposed placing of the New Bonds and the proposed increase in the authorised share capital; (ii) financial information on SCHK; (iii) the unaudited pro forma financial information on the Enlarged Group; and (iv) a notice of the EGM.

* *for identification purposes only*

(1) THE SHIKUMEN ACQUISITION AGREEMENT DATED 24 JUNE 2010

On 24 June 2010 (after trading hours), the Company (as purchaser), Shikumen Capital (as vendor), Mr. Nelson Tang Yu Ming and Mr. Jeffrey Lau Chun Hung (as warrantors for the vendor) entered into the Shikumen Acquisition Agreement pursuant to which Shikumen Capital has agreed to sell to the Company the SC Sale Shares, being the entire issued share capital of SCHK, for a consideration of HK$46.9 million. The consideration for the Shikumen Acquisition will be satisfied as follows: (i) HK$16.9 million will be settled by the allotment and issue of 130,000,000 Consideration Shares by the Company to Shikumen Capital (or its designated wholly-owned subsidiary) at completion at an issue price of HK$0.13 per Share and (ii) the balance by the issue of a promissory note for HK$30 million by the Company to Shikumen Capital (or its designated wholly-owned subsidiary) at completion.

Principal terms of the Shikumen Acquisition Agreement

Parties

Purchaser:	the Company
Vendor:	Shikumen Capital
Warrantors for the performance of the obligations of the vendor:	Mr. Nelson Tang Yu Ming and Mr. Jeffrey Lau Chun Hung, being the directors of SCHK
Transaction:	Sale and purchase of SC Sale Shares

Shikumen Capital is incorporated in the Cayman Islands as an exempted company with limited liability and provides fund management services. The Directors confirm that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shikumen Capital, its ultimate beneficial owners and the warrantors of the Shikumen Acquisition Agreement are Independent Third Parties.

As at the Latest Practicable Date, Shikumen Capital was owned as to:

Name	Percentage of shareholding	Remarks
Nelson Tang Yu Ming	52.0%	Mr. Tang is a responsible officer of SCHK and one of the warrantors
Jeffrey Lau Chun Hung	34.7%	Mr. Lau is a responsible officer of SCHK and one of the warrantors
Others	13.3%	Independent Third Parties

Consideration and terms of payment

Shikumen Capital has agreed to sell and the Company has agreed to acquire the SC Sale Shares, being the entire issued share capital of SCHK, for a consideration of HK$46.9 million. In determining the consideration, the parties have taken into consideration (i) the historical performance and assets under management of the Funds and (ii) the historical financial performance of SCHK. The consideration was arrived at after arm's length negotiations among the parties.

The Company has reviewed the financial performance and AUM of SCHK (particularly SCHK's historical revenue and the performance of the Funds) and compared it with various asset management companies listed on other stock exchanges (including The Blackstone Group L.P. (listed on the New York Stock Exchange), Och-Ziff Capital Management Group LLC (listed on the New York Stock Exchange), Partners Group Holding AG (listed on the SIX Swiss Exchange) and Value Partners Group Limited (listed on the Stock Exchange)) (the "Comparables").

In arriving the consideration of SCHK, the Company compared the consideration for SCHK, HK$46.9 million (approximately US$6.01 million) with (i) the market capitalization of each of the Comparables, (ii) the AUM managed by SCHK with those managed by each of the Comparables, and (iii) the historical fee revenues generated by SCHK with those generated by each of the Comparables.

In selecting the Comparables, the Company has taken into consideration (i) the nature of the assets managed by the Comparables; (ii) whether the Comparables encompass a sample of the major markets in which established asset managers operate; (iii) the depth of liquidity of the markets in which the Comparables are listed; and (iv) the relevance of such markets to the home market of SCHK, which is Hong Kong. In addition, despite the Comparables being of different size and listed in different places, the Company is of the view that the Comparables are comparable to SCHK because:

(i) the Comparables mainly manage alternative assets for institutional clients or sophisticated individual professional investors (as opposed to retail clients), which is similar to the nature of assets managed by SCHK;

(ii) the Comparables are listed in sophisticated, developed markets with wide investor base and thus offer trading liquidity and a fairer valuation comparison; and

(iii) the Comparables encompass the United States, European and Hong Kong markets where the majority of the established asset managers operate, and cover the home market in which SCHK operates.

Despite managing a comparatively smaller size of AUM, SCHK had generated higher fee revenue-per-unit of AUM it managed than each of the Comparables. This higher historical fee revenue generated-per-unit of AUM ratio of SCHK shows SCHK's ability to generate higher fee income with respect to the size of its AUM.

The Company also examined the ratio analysis of price per AUM, which justifies the worthiness of the consideration paid/market capitalization for a given amount of AUM. The price per AUM ratio of SCHK, when applied to the consideration for the Shikumen Acquisition, is below the weighted average of such ratio of the Comparables, showing that the consideration for the Shikumen Acquisition is reasonable compared to the Comparables.

The price per AUM and the revenue per unit of AUM ratios of the Comparables and SCHK are set out below:

Comparables	**Price per AUM** *(Note 1)*	**Revenue per unit of AUM** *(Note 2)*
The Blackstone Group L.P.	11.5%	1.3%
Och-Ziff Capital Management Group LLC	22.3%	1.6%
Partners Group Holding AG	14.1%	1.2%
Value Partners Group Limited	22.4%	1.3%
Weighted average of the Comparables	15.1%	1.3%
SCHK *(Note 3)*	4.6%	2.1%

Notes:

1. Calculated based on the closing price and exchange rate as of 23 June 2010, being the date immediately prior to the date of the Shikumen Acquisition Agreement.

2. Based on the 2009 annual audited accounts and the latest publicly announced AUM as of 23 June 2010.

3. The price per AUM ratio for SCHK is calculated based on the consideration for the Shikumen Acquisition.

In light of (i) the stable profit after taxation of SCHK, (ii) the stable amount of AUM of SCHK, (iii) the relatively higher historical fee revenues generated per unit of AUM of SCHK when compared with the Comparables, and (iv) the price per AUM ratio when applied to the consideration for the Shikumen Acquisition being below the average of such ratio of the Comparables, the Directors consider the consideration of HK$46.9 million is fair and reasonable.

The consideration for the Shikumen Acquisition will be satisfied as follows: (i) HK$16.9 million of the consideration will be settled by the allotment and issue of 130,000,000 Consideration Shares by the Company to Shikumen Capital (or its designated wholly-owned subsidiary) at completion at an issue price of HK$0.13 per Consideration Share and (ii) the issue of a promissory note for HK$30 million by the Company to Shikumen Capital (or its designated wholly-owned subsidiary) at completion. The promissory note to be issued by the Company to Shikumen Capital (or its designated wholly-owned subsidiary) will bear interest at 3.5% per annum (and payable in arrears on each anniversary of the date of completion of the Shikumen Acquisition) with a term of 24 months from the date of completion of the

Shikumen Acquisition. Early repayment by the Company of the principal (together with accrued interest) under the promissory note is permitted at any time after the completion of the Shikumen Acquisition at the Company's discretion.

The 130,000,000 Consideration Shares represent approximately 28.2% of the enlarged issued share capital of the Company after completion of the Shikumen Acquisition. The Consideration Shares will be issued under the Specific Mandate to be obtained by the Directors at the EGM. The effect on the shareholding of the Company upon completion of the issue of the Consideration Shares is set out in the paragraph "Effect on the shareholding structure of the Company" in this circular.

The Consideration Shares, when allotted and issued, shall rank pari passu in all respects amongst themselves and with the Shares in issue on the date of allotment and issue of the Consideration Shares and be entitled to dividends and other rights carried by the Shares

The issue price of each Consideration Share of HK$0.13:

(i) is equivalent to the closing price of HK$0.13 per Share as quoted on the Stock Exchange on 24 June 2010, being the Last Trading Day; and

(ii) represents a discount of approximately 7.8% to the average closing price of approximately HK$0.141 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

Conditions of the Shikumen Acquisition Agreement

The Shikumen Acquisition Agreement is conditional upon:

(i) the parties and SCHK having obtained all necessary regulatory and shareholder's approval in relation to the Shikumen Acquisition (including the grant of the Specific Mandate for the Consideration Shares) and the Disposal;

(ii) the Disposal having become unconditional;

(iii) the issue of the Consideration Shares and/or the exercise of the conversion rights of the New Bonds not resulting in a change in control (as defined in the Takeovers Code) of the Company;

(iv) the issue of the Tranche 1 New Bonds having been completed in all respects;

(v) the issue of the Tranche 2 New Bonds having been approved by the Shareholders;

(vi) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares;

(vii) the Company being satisfied with the results of the due diligence review on SCHK and the Funds;

(viii) the value of SCHK being not less than HK$46.9 million as valued by an independent valuer;

(ix) all necessary consents, waivers or approvals from government or regulatory authorities or third parties which are necessary for the Shikumen Acquisition having been obtained;

(x) the warranties given by the vendor being true and accurate; and

(xi) no event arising which has an adverse effect on the financial performance and prospects of SCHK.

If the conditions are not fulfilled or waived by the parties by 24 December 2010 or such other date as may be agreed between the parties, the Shikumen Acquisition will cease to be of any effect save for any antecedent breach. As of the Latest Practicable Date, none of the above conditions has been fulfilled.

No valuation report of SCHK is included in this circular after taking into consideration of the followings:

(i) when determining the consideration for the Shikumen Acquisition, the parties have not relied on any valuation of SCHK performed by any valuer;

(ii) the valuation of SCHK being a condition precedent is to provide a mechanism for the Company to terminate the Shikumen Acquisition Agreement should any adverse market condition occur which will affect the performance of SCHK before completion;

(iii) the Company is able to waive such condition as provided in the Shikumen Acquisition Agreement; and

(iv) the basis on how the Company determined the consideration and relevant market information have been set out in this circular for Shareholders' consideration and the Directors consider that such disclosures are based on their professional knowledge and after due and careful study of the market information.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Completion of the Shikumen Acquisition

Completion of the Shikumen Acquisition Agreement will take place on the third Business Day after the above conditions are fulfilled or otherwise waived by the parties (other than conditions (i) and (vi) which are required by the GEM Listing Rules), whichever is earlier or on such other date as the parties may agree. Upon completion of the Shikumen Acquisition, the Group will be interested in 100% of SCHK and SCHK will become a subsidiary of the Company.

The Directors consider that the terms of the Shikumen Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Information on SCHK

SCHK is a company incorporated in Hong Kong on 1 June 2007. SCHK provides investment advisory and asset management services and is a corporation licensed to carry on type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO.

SCHK is an investment advisor providing investment advisory and management services to Shikumen Capital in relation to the Funds and certain segregated managed accounts, while Shikumen Capital is the manager of the Funds with overall responsibility to oversee the investment advisor's activities for the Funds. Shikumen Capital is also providing marketing and distribution services to the Funds. The Funds consist of the Shikumen Offshore Feeder Fund and the Shikumen Special Situation Fund, both of which were incorporated in the Cayman Islands as exempted companies with limited liability. The Shikumen Offshore Feeder Fund, through its investment in the Shikumen Special Situation Fund, focuses on deal-driven and event-related investments primarily in Greater China which may involve the purchase and sale of securities and assets that are the subject of merger and acquisition activities, corporate reorganizations, stock placements, distress, spin-offs and other significant corporate actions The services provided by SCHK in relation to the Funds are non-exclusive.

The following is the summary of the financial information on SCHK:

HK$'000	**For the three months ended 31 March 2010** (audited)	**For the year ended 31 December 2009** (audited)	**For the year ended 31 December 2008** (audited)
Profit before taxation	419	1,924	1,702
Profit after taxation	334	1,539	1,582

HK$'000	**As at 31 March 2010** (audited)	**As at 31 December 2009** (audited)	**As at 31 December 2008** (audited)
Net asset value	4,503	4,169	4,630

As of 31 March 2010, AUM for the Funds and segregated managed accounts (which includes accounts of its directors and their associates) advised by SCHK exceeded US$130 million. During the aforesaid period, the advisory fee received by SCHK in relation to the Funds was paid by Shikumen Capital based on the performance of the Funds.

SCHK has informed the Company that it intends to provide marketing and distribution services in relation to the Funds and enlarge its portfolio of asset management products upon completion of the Shikumen Acquisition.

Upon completion of the Shikumen Acquisition, the management agreement made between SCHK and Shikumen Capital will constitute a continuing connected transaction under Chapter 20 of the GEM Listing Rules. The Company will comply with the reporting, disclosure and/or shareholders' approval requirement under the GEM Listing Rules when necessary. At present, SCHK intends to restructure the arrangement with Shikumen Capital so that SCHK will sign management contracts with the funds (including the Funds) directly in the future. Should such plan materialise, the management agreement in relation to the Funds is not expected to constitute a connected transaction of the Company.

Reasons for and benefits of the Shikumen Acquisition

The Group is engaged in the businesses of merchant banking, asset management and direct investment. During the year 2009, the Group carried out a dramatic cost cutting exercise and was able to reduce its loss significantly as compared to the year 2008. However, the merchant banking business of the Group has been consuming most of the cash resources of the Group. In addition, the legacy corporate finance and financial advisory services businesses of the Group have burdened the Group with continuing liabilities which create uncertainties for the

Group's consolidated statement of financial position. The Group plans to focus its resources on its asset management services (which includes funds and wealth management) and dispose of the merchant banking assets and the corporate finance and financial advisory services businesses (together with the liabilities associated with such businesses) to Mr. Khan. The Directors expect that the Shikumen Acquisition will be able to add synergy to the Group in terms of funds portfolio and expertise, and therefore strengthen the asset management business of the Group. The Shikumen Acquisition is a milestone for the Group in repositioning itself as an asset management service group.

Financial effects of the Shikumen Acquisition

Upon completion of the Shikumen Acquisition, SCHK will become a wholly-owned subsidiary of the Company and the results, assets and liabilities of SCHK would be consolidated into the financial statements of the Group.

With reference to the audited financial statements of the Group for the year ended 31 December 2009 and the unaudited pro forma financial information on the Enlarged Group (as detailed in Appendix III to this circular), the financial effects of the Shikumen Acquisition will be as follows:

(a) Earnings

As SCHK will become a wholly-owned subsidiary of the Company upon completion of the Shikumen Acquisition and its financial results will be consolidated with those of the Group, the Board also considers that the Shikumen Acquisition will have a positive effect on the Group's earnings.

(b) Assets

Total assets as at 31 December 2009 would increase from approximately US$21,107,000 (equivalent to approximately HK$164,635,000) to approximately US$27,796,000 (equivalent to approximately HK$216,809,000).

(c) Liabilities

Total liabilities as at 31 December 2009 would increase from approximately US$31,604,000 (equivalent to approximately HK$246,511,000) to approximately US$35,543,000 (equivalent to approximately HK$277,235,000).

The Directors consider that the Shikumen Acquisition will contribute to the earnings base of the Enlarged Group but the extent of such contribution will depend on the future performance of SCHK.

Set out in the Appendix III to this circular is the unaudited pro forma financial information on the Enlarged Group which illustrates the effect of the Shikumen Acquisition on the assets and liabilities of the Group, assuming the completion of the Shikumen Acquisition had taken place on 31 December 2009.

Trading and financial prospects of the Enlarged Group

Pursuant to the Crosby Restructuring, CAM will transfer (i) its asset management business (including its fund and wealth management business), (ii) its corporate finance and advisory business (of which some liabilities will remain with CAM and be settled by CAM itself), and (iii) its minority interests in certain investments, to the Company at a consideration of US$948,666, which may be adjusted downwards by the actual amount of dividends received by CAM if any of the companies being transferred to the Company pay any dividends between 1 June 2010 and completion of the Crosby Restructuring. The consideration payable by the Company will be set off against the CAM Shareholder Loan and the balance of the CAM Shareholder Loan will be capitalized by the issuance of new shares in CAM to the Company at a price based on the average of the closing mid-market price over the last three trading days of the shares of CAM prior to completion. The Directors consider that the capitalisation of the remaining balance of the CAM Shareholder Loan is beneficial to the Company as the Directors are positive on CAM's proposed investing strategy, namely to acquire interests in natural resources, minerals, metals and/or oil & gas companies which the board of CAM believes to have the potential to create value for its shareholders. The Directors believe that capitalising the remaining balance of the CAM Shareholder Loan will make CAM more competitive in attracting such new projects and new capital to pursue such investing strategy.

Following completion of the Crosby Restructuring, the board of CAM expects that CAM will have about US$300,000 in cash. CAM intends to use these funds to provide working capital for the day-to-day administration of CAM and, in due course, to make investments in accordance with its proposed investing strategy.

CAM's proposed investing strategy is to acquire holdings in natural resources, minerals, metals and/or oil & gas companies where one or more such transactions have the potential to create value for the shareholders of CAM. CAM would seek to achieve these investments through acquisitions, partnerships or joint venture arrangements. Such investments may result in CAM acquiring the whole or part of a company, asset or project by cash or the issuance of new securities, and the investments may take the form of equity, joint venture, debt, convertible instruments, licence rights, or other financial instruments as the board of CAM deems appropriate.

Pursuant to the Disposal, the Company will dispose to ECK Partners (i) the corporate finance and advisory business which it acquires from CAM; (ii) the minority interests in the merchant banking business which it acquires from CAM; and (iii) its equity interests in Conexion Media Group Plc, Touchstone Investment Holdings Limited and Fairfield Investment Holdings Limited. Details of the companies and assets to be disposed under the Disposal are set out in the Announcement.

Upon completion of the Shikumen Acquisition, the Group will further grow its asset management service so that SCHK can provide synergy to the existing asset management business of the Group. The Shikumen Acquisition is a milestone for the Group in repositioning itself as specializing in asset management services.

The Directors expect there will be a significant cost reduction to the Enlarged Group after the disposal of the Group's merchant banking assets (including the corporate finance businesses) and its investments to Mr. Khan (For details, please refer to the Announcement under the section "The Disposal Agreement dated 24 June 2010"). The Directors anticipate that the positive impact on the financial position of the Enlarged Group will also be magnified if plans to grow the asset management business of the Enlarged Group come to fruition over the next few years. As such, the Directors believe that the future prospects of the Enlarged Group are promising. Also, in line with its business objective to expand its business, the Enlarged Group will utilise the proceeds from the issue of the Tranche 2 New Bonds as investment funding for any future business opportunities.

Listing Rules implication

The Shikumen Acquisition will constitute a major transaction for the Company under Chapter 19 of the GEM Listing Rules as the applicable percentage ratios as defined under Rule 19.07 of the GEM Listing Rules are more than 25% but less than 100%. The Shikumen Acquisition will be subject to the approval of Shareholders. The Company will seek approval of the Shikumen Acquisition and the issue of the Consideration Shares from the Shareholders at the EGM.

As at the date of the Shikumen Acquisition Agreement, none of the substantial shareholders of Shikumen Capital is or is proposed to be a controller of the Company or is an associate of a controller. As such, the Shikumen Acquisition is not a connected transaction under Rule 20.13(1)(b) of the GEM Listing Rules.

Given the Shikumen Acquisition, the Disposal and the issue of New Bonds are inter-conditional, parties who have interests in the Disposal and their respective associates shall be asked to abstain from voting on the Shikumen Acquisition and the issue of New Bonds. As at the Latest Practicable Date, ECK & Partners Limited, TW Indus Limited, Mr. Khan and Mr. Robert John Richard Owen (a minority shareholder of ECK Partners) are directly interested in 22,488,364, 19,339,914, 8,249,407 and 10,655,760 Shares, representing approximately 6.8%, 5.8%, 2.5% and 3.2% of the existing issued share capital of the Company respectively, and they and their respective associates (if any) have agreed to abstain from voting on the Shikumen Acquisition and the issue of New Bonds.

(2) PROPOSED PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The Placing Agreement dated 24 June 2010

On 24 June 2010, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent has agreed to place the New Bonds with an aggregate principal amount of HK$250 million (details of which are under the section "Principal terms of the New Bonds " below).

Issuer

The Company

Placing Agent

Emperor Securities

New Bonds to be placed

The Placing of up to HK$250 million will be placed by the Placing Agent in two separate tranches on a best efforts basis:

Tranche 1 New Bonds:

Principal amount: up to HK$160 million

Tranche 2 New Bonds:

Principal amount: up to HK$90 million

The Company has the option to issue the Tranche 2 New Bonds within 6 months of the initial closing of the Tranche 1 New Bonds.

Placees

The New Bonds shall be offered to not less than six subscribers which are independent institutional or private investors procured by the Placing Agent. The subscribers and their ultimate beneficial owners shall be independent of, and not connected with, the Company and its connected persons.

Placing Commission

2% of the successfully placed aggregate subscription amount of the New Bonds.

Conditions of the Placing

The issue of the Tranche 1 New Bonds is conditional upon:

(i) the Shikumen Acquisition and the Disposal having become unconditional;

(ii) the passing of the necessary resolution(s) on a vote taken by way of poll at the EGM to approve the Specific Mandate for the issue of the Conversion Shares;

(iii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares; and

(iv) the increase in the authorised share capital of the Company being approved by the Shareholders.

The issue of the Tranche 2 New Bonds is conditional upon:

(i) the subscription of the Tranche 1 New Bonds having become unconditional in accordance with its terms;

(ii) the passing of the necessary resolution(s) on a vote taken by way of poll at the EGM to approve the Specific Mandate for the issue of the Conversion Shares;

(iii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares; and

(iv) the increase in the authorised share capital of the Company being approved by the Shareholders.

Completion of the Placing will take place on or before the third business day after the fulfilment of the conditions for each tranche as set out in the above but (i) not later than 30 September 2010 for the Tranche 1 New Bonds, and (ii) not later than 6 months after the completion of the Tranche 1 New Bonds in the case of the Tranche 2 New Bonds or such later date to be agreed between the Company and the Placing Agent.

As at the Latest Practicable Date, no investor has yet been identified by Emperor Securities and the Company is not aware of any investor who will become a substantial Shareholder. Once there is any substantial Shareholder arising from the issue of the Consideration Shares and/or the subscription of the New Bonds, disclosure of interests will be made by that substantial Shareholder accordingly. No conversion of New Bonds is allowed if it will result in a change in control of the Company.

The Directors are of the opinion that the terms of the Placing Agreement and the amount of commission given to Emperor Securities are fair as compared to the market practice and are commercially reasonable as agreed between the parties.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PRINCIPAL TERMS OF THE NEW BONDS

The principal terms of the New Bonds are summarized as below:

Denomination:	HK$1,000,000 each
Maturity date:	5th anniversary from the date of issue of the New Bonds

Interest:	Zero coupon
Conversion rights:	Bondholders will have the right, at any time during the period commencing on and excluding the date of first issue of the New Bonds up to and including the date which is seven days prior to the maturity date, to convert the whole or any part of the principal amount outstanding of the New Bonds (in amounts of not less than a whole multiple of HK$1,000,000 on each conversion or integral multiples thereof unless the amount of the outstanding New Bonds is less than HK$1,000,000 in which case the whole (but not part only) of that amount shall be convertible) into Conversion Shares at the Conversion Price (subject to adjustment and re-set) The Company shall not be obligated to issue any Conversion Shares if such conversion shall render the Shares held in public hands being less than the minimum public float required under the GEM Listing Rules
Conversion Price:	The initial Conversion Price will be HK$0.18 per Conversion Share, subject to customary adjustment provisions in accordance with the terms of the New Bonds, including but not limited to, rights issues, dividend distributions, stock splits, bonus issues, asset distributions or the occurrence of certain other analogous events that results in a dilution or concentration of the rights of the holders of the Shares
Conversion Price reset:	At the end of the 6-month period from the date of issuance of the New Bonds and at the end of every 6-month period thereafter, the Conversion Price shall be adjusted to 110% of the one-month volume weighted average price of the ordinary shares of the Company prior to the date of each reset date, subject to a floor Conversion Price of HK$0.078 per Share
Voting:	Bondholders will not be entitled to attend or vote at any meetings of the Company by reason only of them being Bondholders

Transferability:	The New Bonds are transferable without restriction. The Company will inform the Stock Exchange upon the Company becoming aware that any of the New Bonds has been or is to be transferred to any connected person of the Company (as defined in the GEM Listing Rules) and will comply with the applicable GEM Listing Rules
Redemption:	The outstanding principal amount of the New Bonds shall, unless previously converted or purchased, be redeemed on maturity at the redemption amount which is 118.94% of the outstanding principal amount of the New Bonds to the Bondholders on the maturity date
Company's call option:	The New Bonds may be redeemed by the Company after the date of issuance of the New Bonds (in whole or in part) at the Early Redemption Amount (as defined below) provided that the closing market price of the Shares are at least 150% of the Conversion Price for 30 consecutive trading days
Bondholders' put option:	The Bondholders may request the Company to redeem the New Bonds at the Early Redemption Amount on or after the 3rd anniversary of the date of issuance of the New Bonds
Early Redemption Amount:	An amount that would result in an annual yield equal to 3.5% per annum compounded on a semi-annual basis
Events of default:	The New Bonds will contain customary events of default provisions which provide that on the occurrence of certain events of default specified in the terms and conditions of the New Bonds, each of the Bondholders shall be entitled to require the Company to redeem the New Bonds at the Early Redemption Amount
Ranking:	The New Bonds will be senior, unsecured and rank pari passu with all other unsecured, non-preferred debts of the Company
Listing:	No application will be made for the listing of the New Bonds on the Stock Exchange or any other exchange. The Company will apply to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

The initial Conversion Price of HK$0.18 per Conversion Share represents:

(i) a premium of approximately 38.5% to the closing price of HK$0.13 per Share as quoted on the Stock Exchange on 24 June 2010, being the Last Trading Day; and

(ii) a premium of approximately 27.7% to the average closing price of approximately HK$0.141 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

The Conversion Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Conversion Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The New Bonds carry the right to convert into Conversion Shares at the initial Conversion Price of HK$0.18 per Conversion Share (subject to adjustment and re-set). Assuming the conversion rights attaching to the New Bonds are exercised in full at the initial Conversion Price, up to 1,388,888,888 Conversion Shares will fall to be issued to the Bondholders, representing approximately 420.1% of the issued capital of the Company as at the Latest Practicable Date and approximately 75.1% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares. If the Conversion Price is ever reset to its lowest price of HK$0.078, a maximum of 3,205,128,205 Conversion Shares will be issued.

The Conversion Shares will be issued under the Specific Mandate proposed to be sought from the Shareholders by way of poll at the EGM.

REASONS FOR THE NEW BONDS AND USE OF PROCEEDS

In light of the facts that:

(i) the proceeds from the issue of the New Bonds will enable the Company to enhance the financial position of the Group;

(ii) the issue of the New Bonds is an appropriate means of raising additional capital for the Company since it will provide the Company with immediate funding without immediate dilution of the shareholding of the existing Shareholders. If the conversion rights attached to the New Bonds are exercised, the capital base of the Company will be broadened;

(iii) the Existing Bonds will be due March 2011 and the balance of the outstanding principal of the Existing Bonds amounted to US$20,000,000 (equivalent to approximately HK$156 million) as at the date of the Announcement. The Group requires additional funding in order to repay or repurchase any outstanding amount of the Existing Bonds and this will be provided by the proceeds of the Tranche 1 New Bonds;

(iv) as the Group targets to reposition itself as an asset management service group, the proceeds of the Tranche 2 New Bonds will enable it to grow its asset management business and/or provide funding for potential investments when opportunities arise and thus allow the Shareholders to benefit from the growth of the Group's business; and

(v) the issue of the Tranche 2 New Bonds is at the option of the Company and this will provide flexibility for the Group to the changing market conditions,

the Directors are of the view that such funding is justified despite the potential dilution effect of the New Bonds.

The maximum estimated net proceeds from the placing of the New Bonds will be approximately HK$242 million after deducting the expenses of the Shikumen Acquisition, the Placing, the Disposal and the Crosby Restructuring, including professional fees, printing fees and placing commission. The breakdown of the net proceeds of the issue of the New Bonds of approximately HK$242 million is as follows:

(i) approximately HK$156 million for repaying or repurchasing any outstanding amount of the Existing Bonds in 2011; and

(ii) approximately HK$86 million will be mainly used for general working capital of the Enlarged Group if the Company exercises its option to issue the Tranche 2 New Bonds as the Directors consider it necessary to increase its cashflow after the acquisition of SCHK which is expected to be completed in late August 2010 in order to grow its asset management business and/or provide funding for potential investments when opportunities arise. The use of proceeds of the Tranche 2 New Bonds may include hiring new investment professionals, promoting the Funds to a broader investor base, marketing for and acquiring new investment management mandates, and acquiring other asset managers. The Group will seek to utilize the proceeds of the Tranche 2 New Bonds, if materialized, as soon as the opportunities arise.

The Board considers that the placing of the New Bonds will be able to stabilise the cash flow position of the Group, improve its liquidity and therefore strengthen the financial position of the Group. The Directors consider that the terms of the New Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date, (ii) immediately after allotment and issue of the Consideration Shares, (iii) immediately after allotment and issue of the Consideration Shares and assuming full conversion of the Tranche 1 New Bonds, and (iv) immediately after allotment and issue of the Consideration Shares and assuming full conversion of all the New Bonds:

	As at the Latest Practicable Date		Immediately after the allotment and issue of Consideration Shares		Immediately after the allotment and issue of Consideration Shares and full conversion of Tranche 1 New Bonds		Immediately after the allotment and issue of Consideration Shares and full conversion of all New Bonds	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*
Mr. Khan *(Note 1)*	50,077,685	15.1	50,077,685	10.9	50,077,685	3.7	50,077,685	2.7
TBV Holdings Limited *(Note 2)*	30,205,500	9.1	30,205,500	6.6	30,205,500	2.2	30,205,500	1.6
Other Directors *(Note 3)*	27,861,058	8.4	27,861,058	6.0	27,861,058	2.1	27,861,058	1.5
Shikumen Capital (or its designated wholly-owned subsidiary)	–	–	130,000,000	28.2	130,000,000	9.6	130,000,000	7.0
Tranche 1 New Bonds Placees	–	–	–	–	888,888,888	65.9	888,888,888	48.1
Tranche 2 New Bonds Placees	–	–	–	–	–	–	500,000,000	27.0
Other public	222,453,741	67.4	222,453,741	48.3	222,453,741	16.5	222,453,741	12.1
Total	330,597,984	100.0	460,597,984	100.0	1,349,486,872	100.0	1,849,486,872	100.0

Notes:

1. As at the Latest Practicable Date, 22,488,364 Shares were held by ECK & Partners Limited and ECK & Partners Limited was wholly-owned by ECK Partners which was held as to 88.86% by TW Indus Limited. TW Indus Limited in turn held a direct interest in 19,339,914 Shares. Mr. Khan was beneficially interested in 100% of the share capital of TW Indus Limited. Accordingly, in addition to his personal interest in 8,249,407 Shares, Mr. Khan is interested in a total of 50,077,685 Shares.

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

3. Included Shares held by Mr. Simon Jeremy Fry who resigned as a non executive Director on 31 January 2010.

Save for the Existing Bonds and 24,780,000 outstanding share options, the Company has no outstanding share options, warrants or other convertible securities outstanding as at the Latest Practicable Date.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE 12 MONTHS IMMEDIATELY PRECEDING LATEST PRACTICABLE DATE

The Company has not conducted any fund raising activities in the past twelve months before the Latest Practicable Date.

(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company is US$20,000,000 divided into 2,000,000,000 Shares of US$0.01 each. In anticipation of the issue of the Consideration Shares and the Conversion Shares, the Directors propose to increase the authorised share capital of the Company from US$20,000,000 divided into 2,000,000,000 Shares of US$0.01 each to US$40,000,000 divided into 4,000,000,000 Shares of US$0.01 each by the creation of an additional US$20,000,000 divided into 2,000,000,000 Shares of US$0.01 each. The increase in the authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM.

EGM

An EGM will be convened and held to consider and, if thought fit, to approve (i) the Shikumen Acquisition Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate for the issue of the Consideration Shares); (ii) the grant of Specific Mandate for the issue of the Conversion Shares upon exercise of the conversion rights attached to the New Bonds; and (iii) the increase in the authorised share capital. In each case, approval will be by way of a vote on a poll.

As at the Latest Practicable Date, ECK & Partners Limited, TW Indus Limited, Mr. Khan and Mr. Robert John Richard Owen (a minority shareholder of ECK Partners) are directly interested in 22,488,364, 19,339,914, 8,249,407 and 10,655,760 Shares, representing approximately 6.8%, 5.8%, 2.5% and 3.2% of the existing issued share capital of the Company respectively, and they and their respective associates (if any) have agreed to abstain from voting on the Shikumen Acquisition and the Specific Mandate for the issue of the Conversion Shares. Save as disclosed above, no Shareholder is required to abstain from voting on the resolutions in relation to the specific mandate for the issue of the Conversion Shares and the increase in the authorised share capital of the Company.

The EGM to be held at 18th Floor, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong at 10:00 a.m. on Tuesday, 10 August 2010. The notice of EGM, is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use thereat is also enclosed. Whether or not you are able to attend and vote at the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the principal place of business of the Company at 18th Floor, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the meeting or any adjournment thereof (as the case may be), should you so wish.

RECOMMENDATION

The Directors, including independent non-executive Directors, believe that the terms of the Shikumen Acquisition Agreement, the Specific Mandate and the increase in the authorised share capital are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors, including independent non-executive Directors, recommend the Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

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

By Order of the Board of
CROSBY CAPITAL LIMITED
Ilyas Tariq Khan
Chairman and Chief Executive Officer

1. THREE-YEAR FINANCIAL INFORMATION

Financial information on the Group for each of the three years ended 31 December 2009, 2008 and 2007 are disclosed in the annual reports of the Company for the years ended 31 December 2009, 2008 and 2007 respectively, which are published on both the GEM website (www.hkgem.com) and the website of the Company (www.crosby.com).

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 May 2010, being the latest practicable date for the purpose of ascertain information relating to this indebtedness statement, the Enlarged Group had outstanding indebtedness of approximately US$22 million, which is mainly the outstanding principal amount of the Existing Bonds plus amortised interest at 31 May 2010. The Existing Bonds are not secured or guaranteed (as the Company itself is the issuer of the Existing Bonds).

As of the close of business on 31 May 2010, the Group had liabilities of (i) approximately US$2,862,000, being the provision made for the onerous contract in respect of an operating lease relating to the restructuring of Forsyth asset management business in Crosby Capital Partners Limited (Crosby Capital Partners Limited is one of the companies to be disposed of in the transaction contemplated in the Disposal) and (ii) up to approximately US$347,000, being the obligations under the finance leases in relation to certain fixed assets (IT equipment and office furniture), with CAM as the guarantor.

Save as aforesaid or as otherwise disclosed herein, apart from intra-group liabilities and normal trade payables, the Enlarged Group did not have, at the close of 31 May 2010, any further significant liabilities including debt securities issued and outstanding, or authorised or otherwise created but unissued, or term loans or bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, obligations under hire purchase contracts or finance leases, guarantees, or other material contingent liabilities.

3. MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL INFORMATION ON SCHK

Set out below is the management discussion and analysis of SCHK's business, financial results and position for the period from 1 June 2007 (date of incorporation) up to 31 December 2007, the two years ended 31 December 2008 and 2009 and the 3 months ended 31 March 2010 (the "Reporting Period of SCHK").

For the seven months ended 31 December 2007, the two years ended 31 December 2008 and 2009 and the three months ended 31 March 2010

Revenue

Revenue amounted to HK$13,078,000 for seven months ended 31 December 2007, HK$18,667,000 for the year ended 31 December 2008, HK$21,181,000 for the year ended 31 December 2009 and HK$4,605,000 for the 3 months ended 31 March 2010. The revenue for the three months ended 31 March 2010 had increased by approximately 39.04% as compared to the same period in 2009 and the revenue in 2009 had increased by approximately 13.47% as compared to that in 2008. Revenue mainly comprised fees received and receivable for the provision of investment advisory and asset management services.

Key financial ratios of SCHK

SCHK had no bank and other borrowings and had not charged on any of its assets during the Reporting Period of SCHK. SCHK's gearing ratio, calculated by dividing SCHK's total external borrowings by its shareholders fund was approximately 0% as at 31 December 2007, 2008 and 2009 and 31 March 2010.

Analysis by business segment

SCHK's principal source of income was derived from providing asset management service in relation to the Funds, which accounted for approximately 100% of the total revenue during the Reporting Period of SCHK.

Financial resources and liquidity

SCHK had current assets of approximately HK$4,757,000, HK$5,658,000, HK$8,369,000 and HK$5,042,000 as at 31 December 2007, 2008 and 2009 and 31 March 2010 respectively. During the Reporting Period of SCHK, SCHK mainly funded its operation by its income.

Significant investment and material acquisition and disposal

SCHK had no significant investment and material acquisition and disposal of subsidiaries and associates during the Reporting Period of SCHK.

Foreign exchange exposure

As SCHK has operated in Hong Kong and had been exposed to limited foreign currency risk as the majority of its assets and liabilities are denominated in HK$ and US$, SCHK had no significant exposure to foreign currency risk as the HK$ is currently pegged to US$. SCHK did not have any policy to use financial instruments, currency borrowings and/or other hedging instruments for hedging purposes and did not use any financial instruments, current borrowings and/or other hedging instruments for hedging purposes during the Reporting Period of SCHK.

Contingent liabilities

SCHK did not have any significant contingent liabilities as at 31 December 2007, 2008 and 2009, and 31 March 2010.

Employees and remuneration policy

Staff cost, including directors' emoluments, was approximately HK$6,823,000 for the seven months ended 31 December 2007; HK$13,084,000 for the year ended 31 December 2008; HK$15,088,000 for the year ended 31 December 2009 and HK$3,277,000 for the three months ended 31 March 2010. Employee remuneration is maintained at market competitive level and will be regularly reviewed within the general framework of SCHK's human resources system. Remuneration policy (salary together with discretionary bonus) is basically determined with reference to individual performance as well as financial results of SCHK. The number of employees (including administration staff and fund managers/investment analysts) of SCHK was 11 as at 31 March 2010 (31 December 2007: 11; 31 December 2008: 10 and 31 December 2009: 11).

Future plans on material investment

SCHK intends to provide marketing and distribution services in relation to the Funds and enlarge its portfolio of asset management products upon completion of the Shikumen Acquisition. Upon completion of the Shikumen Acquisition, the Group will further grow its asset management service so that SCHK can provide synergy to the existing asset management business of the Group. The Group will utilize the proceeds from the Placing for the working capital of SCHK in the future.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances and other internal resources available, the Enlarged Group has sufficient working capital for its present requirements and for at least twelve months from the date of publication of this circular in the absence of unforeseen circumstances and upon the completion of the Tranche 1 New Bonds to repay or repurchase the outstanding amount of the Existing Bonds which is a condition precedent of the Shikumen Acquisition.

5. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009, being the date to which the latest audited financial statements of the Group were made up.

The following is the text of accountants' report on SCHK, received from the Company's reporting accountants, Grant Thornton, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular.

Grant Thornton
均富

Member of Grant Thornton International Ltd

26 July 2010

The Directors
Crosby Capital Limited
18th Floor, Fairmont House
8 Cotton Tree Drive
Central
Hong Kong

Dear Sirs,

We set out below our report on the financial information of Shikumen Capital Management (HK) Limited (the "Target Company"), in Sections I and II below, including the statements of financial position as at 31 December 2007, 2008 and 2009 and 31 March 2010, statements of comprehensive income, statements of cash flows and statements of changes in equity for the period from 1 June 2007 (date of incorporation) to 31 December 2007 and each of the two years ended 31 December 2008 and 2009 and the three months ended 31 March 2010 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory notes (the "Financial Information"), prepared for inclusion in the circular dated 26 July 2010 (the "Circular") issued by Crosby Capital Limited (the "Company") in connection with the proposed acquisition of the entire issued share capital of the Target Company (the "Proposed Acquisition").

The Target Company was incorporated in Hong Kong with limited liability on 1 June 2007 under the Hong Kong Companies Ordinance. Its registered office and principal place of business is Suite 901, 100 Queen's Road Central, Hong Kong. The principal activity of the Target Company during the Relevant Periods was the provision of investment advisory and asset management services. The Target Company has adopted 31 December as its financial year end date.

The Target Company is a registered licensed corporation under the Hong Kong Securities and Futures Ordinance for Type 4 and Type 9 to carry out advising on securities and asset management activities.

The statutory financial statements of the Target Company for the period from 1 June 2007 (date of incorporation) to 31 December 2007 and each of the two years ended 31 December 2008 and 2009, prepared in accordance with accounting principles generally accepted in Hong Kong, were audited by PricewaterhouseCoopers, a firm of certified public accountants in Hong Kong.

For the purpose of this report, the directors of the Target Company have prepared the financial statements of the Target Company for the Relevant Periods (collectively referred to as the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Financial Information for the Relevant Periods is prepared based on the Underlying Financial Statements.

DIRECTORS' RESPONSIBILITY

The directors of the Target Company are responsible for the preparation and the true and fair presentation of the Underlying Financial Statements and the Financial Information in accordance with HKFRSs. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors of the Company are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion, based on our examination, on the Financial Information and to report our opinion to you. We examined the Underlying Financial Statements used in preparing the Financial Information, and carried out independent audit procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountants" issued by the HKICPA.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Target Company as at 31 December 2007, 2008 and 2009 and 31 March 2010 and of the results and cash flows of the Target Company for each of the Relevant Periods then ended.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information set out in Sections I and II below which comprises the statements of comprehensive income, the statements of cash flows and the statements of changes in equity of the Target Company for the three months ended 31 March 2009 and a summary of significant accounting policies and other explanatory notes (the "Stub Period Comparative Financial Information").

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Note 3 of Section II below which are in conformity with HKFRSs and the new accounting standards introduced that are effective for the three months ended 31 March 2010, where applicable.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review 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. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report, has not been prepared, in all material respects, in accordance with the accounting policies set out in Note 3 of Section II below which are in conformity with HKFRSs.

I. FINANCIAL INFORMATION

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Period from 1 June 2007 (date of incorporation) to 31 December 2007 HK$'000	Year ended 31 December 2008 HK$'000	Year ended 31 December 2009 HK$'000	For the three months ended 31 March 2009 HK$'000 (unaudited)	For the three months ended 31 March 2010 HK$'000
Revenue	5	13,078	18,667	21,181	3,312	4,605
Other income		1	–	–	–	–
Administrative expenses		(12,201)	(16,965)	(19,257)	(3,011)	(4,186)
Profit before income tax	6	878	1,702	1,924	301	419
Income tax expense	7	(330)	(120)	(385)	–	(85)
Profit for the period/year attributable to owner of the Target Company		548	1,582	1,539	301	334
Other comprehensive income for the period/year		–	–	–	–	–
Total comprehensive income for the period/year attributable to owner of the Target Company		548	1,582	1,539	301	334

STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 March
		2007	2008	2009	2010
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	*10*	1,387	868	299	157
Intangible assets	*11*	171	124	47	28
		1,558	992	346	185
Current assets					
Amount due from the holding company	*12*	2,454	4,950	6,780	3,405
Prepayments and deposits	*13*	89	634	634	634
Current tax assets		–	38	–	–
Cash and cash equivalents	*14*	2,214	36	955	1,003
		4,757	5,658	8,369	5,042
Current liabilities					
Accruals and other payables		2,937	2,001	4,376	469
Current tax liabilities		224	–	170	255
		3,161	2,001	4,546	724
Net current assets		1,596	3,657	3,823	4,318
Total assets less current liabilities		3,154	4,649	4,169	4,503
Non-current liabilities					
Deferred tax liabilities	*15*	106	19	–	–
Net assets		3,048	4,630	4,169	4,503
EQUITY					
Share capital	*16*	2,500	2,500	2,500	2,500
Retained earnings		548	2,130	1,669	2,003
Total equity		3,048	4,630	4,169	4,503

STATEMENTS OF CASH FLOWS

	Period from 1 June 2007 (date of incorporation) to 31 December 2007	Year ended 31 December 2008	Year ended 31 December 2009	For the three months ended 31 March 2009	For the three months ended 31 March 2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Cash flows from operating activities					
Profit before income tax	878	1,702	1,924	301	419
Adjustments for:					
Amortisation on intangible assets	34	72	77	–	19
Depreciation	278	562	569	–	142
Operating profit before working capital changes	1,190	2,336	2,570	301	580
(Increase)/decrease in amount due from the holding company	(2,454)	(2,496)	(3,830)	682	3,375
Increase in prepayments and deposits	(89)	(545)	–	–	–
Increase/(decrease) in accruals and other payables	2,937	(936)	2,375	(926)	(3,907)
Cash generated from/(used in) operations	1,584	(1,641)	1,115	57	48
Income tax paid	–	(469)	(196)	(91)	–
Net cash generated from/(used in) operating activities	1,584	(2,110)	919	(34)	48
Cash flows from investing activities					
Purchase of property, plant and equipment	(1,665)	(43)	–	–	–
Purchase of intangible assets	(205)	(25)	–	–	–
Net cash used in investing activities	(1,870)	(68)	–	–	–

	Period from 1 June 2007 (date of incorporation) to 31 December 2007	Year ended 31 December 2008	Year ended 31 December 2009	For the three months ended 31 March 2009	For the three months ended 31 March 2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Cash flows from financing activities					
Proceeds from issue of shares	2,500	–	–	–	–
Net cash generated from financing activities	2,500	–	–	–	–
Net increase/(decrease) in cash and cash equivalents	2,214	(2,178)	919	(34)	48
Cash and cash equivalents at the beginning of the period/year	–	2,214	36	36	955
Cash and cash equivalents at the end of the period/year	2,214	36	955	2	1,003
Cash and cash equivalents at the end of the period/year, representing bank balances and cash	2,214	36	955	2	1,003

STATEMENTS OF CHANGES IN EQUITY

	Share capital HK$'000	Retained earnings HK$'000	Total HK$'000
As at 1 June 2007 (date of incorporation)	–	–	–
Transaction with owner			
Proceeds from issue of share capital	2,500	–	2,500
Comprehensive income			
Profit for the period	–	548	548
Total comprehensive income for the period	–	548	548
As at 31 December 2007	2,500	548	3,048
As at 1 January 2008	2,500	548	3,048
Comprehensive income			
Profit for the year	–	1,582	1,582
Total comprehensive income for the year	–	1,582	1,582
As at 31 December 2008	2,500	2,130	4,630
As at 1 January 2009	2,500	2,130	4,630
Transaction with owner			
Dividend paid *(Note 17)*	–	(2,000)	(2,000)
Comprehensive income			
Profit for the year	–	1,539	1,539
Total comprehensive income for the year	–	1,539	1,539
As at 31 December 2009	2,500	1,669	4,169
(unaudited)			
As at 1 January 2009	2,500	2,130	4,630
Comprehensive income			
Profit for the period	–	301	301
Total comprehensive income for the period	–	301	301
As at 31 March 2009	2,500	2,431	4,931
As at 1 January 2010	2,500	1,669	4,169
Comprehensive income			
Profit for the period	–	334	334
Total comprehensive income for the period	–	334	334
As at 31 March 2010	2,500	2,003	4,503

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

Shikumen Capital Management (HK) Limited (the "Target Company") was incorporated in Hong Kong with limited liability on 1 June 2007 under the Hong Kong Companies Ordinance. Its registered office and principal place of business is Suite 901, 100 Queen's Road Central, Hong Kong. The principal activity of the Target Company during the Relevant Periods was the provision of investment advisory and asset management services. The directors consider that Shikumen Capital Management Limited was the immediate and ultimate holding company of the Target Company during the Relevant Periods.

The Target Company is a registered licensed corporation under the Hong Kong Securities and Futures Ordinance for Type 4 and Type 9 to carry out advising on securities and asset management activities.

2. ADOPTION OF NEW OR AMENDED HKFRSS

At the date of authorisation of this Financial Information, the Target Company has not early adopted the following new or amended HKFRSs that have been published but are not yet effective:

HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 disclosures for First-time Adopters [2]
HKFRS 9	Financial Instruments [4]
HKAS 24 (Revised)	Related Party Disclosures [3]
HKAS 32 (Amendment)	Financial Instruments: Presentation – Classification of Right Issues [1]
HK(IFRIC) – Int 14 (Amendment)	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction [3]
HK(IFRIC) – Int 19	Extinguishment Financial Liabilities with Equity Instruments [2]
Various	Annual Improvements to HKFRSs 2010 [5]

Notes:

1. Effective for annual periods beginning on or after 1 February 2010.
2. Effective for annual periods beginning on or after 1 July 2010.
3. Effective for annual periods beginning on or after 1 January 2011.
4. Effective for annual periods beginning on or after 1 January 2013.
5. Generally effective for annual periods beginning on or after 1 July 2010 or 1 January 2011 unless otherwise stated in the specific HKFRS, as appropriate.

The directors of the Target Company anticipate that all of the pronouncements will be adopted in the Target Company's accounting policy for the first period beginning after the effective date of the pronouncement.

The directors of the Target Company anticipate that the application of these new and revised Standards, Amendments or Interpretations will have no material impact on the Financial Information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The Financial Information sets out in this report has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Financial Information also includes the applicable requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and have been consistently applied throughout the Relevant Periods.

The significant accounting policies that have been used in the preparation of the Financial Information are set out below. These policies have been consistently applied throughout the Relevant Periods, unless otherwise stated.

The Financial Information has been prepared on the historical cost basis. The measurement bases are fully described in the accounting polices below.

It should be noted that accounting estimates and assumptions are used in the preparation of the Financial Information. 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 Financial Information, are disclosed in note 4.

3.2 Foreign currency translation

The financial statements of the Target Company are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Target Company. Foreign currency transactions are translated into the functional currency of the Target Company using the exchange rates prevailing at the dates of the transactions. At the end of each of the Relevant Periods, monetary assets liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchanges gains and losses resulting from the settlement of such transactions and from the end of each of the Relevant Periods retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3.3 Revenue recognition

Revenue arising from provision of investment advisory and asset management services is recognised when the services are rendered.

Interest income from bank balances is recognised on a time-proportion basis using the effective interest method.

3.4 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less depreciation and impairment losses.

Depreciation on property, plant and equipment is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold improvements	Over the lease term
Computer hardware and office equipment	3 years
Furniture and fixtures	3 years

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each of the Relevant Periods.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Company and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the Relevant Periods in which they are incurred.

3.5 Intangible assets

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The estimated useful lives for computer software are three years.

3.6 Impairment of non-financial assets

The Target Company's property, plant and equipment and intangible assets are subject to impairment testing whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Target Company determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Operating lease charges as the lessee

Leases which do not transfer substantially all the risks and rewards of ownership to the Target Company are classified as operating leases.

Where the Target Company has the use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

3.8 Financial assets

The Target Company's financial assets consist primarily of deposits, amount due from the holding company and cash and cash equivalents. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at each of the Relevant Periods.

All financial assets are recognised when, and only when, the Target Company becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets occurs when the rights to receive cash flows from the assets expire or are transferred and substantially all the risks and rewards of ownership have been transferred.

Loans and receivables

Deposits, amount due from the holding company and cash and cash equivalents are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Impairment of financial assets

At the end of each of the Relevant Periods, financial assets are reviewed to determine whether there is any objective evidence of impairment. If any such evidence exists, the impairment loss is measured and recognised.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Target Company about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in the profit or loss of the period in which the impairment occurs.

If, in subsequent periods, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

3.9 Cash and cash equivalents

Cash and cash equivalents represent cash at banks and cash in hand.

3.10 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued and are fully paid.

3.11 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior Relevant Periods, that are unpaid at the end of each of the Relevant Periods. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period/year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the end of each of the Relevant Periods between the carrying amounts of assets and liabilities in the Underlying Financial Statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of each of the Relevant Periods.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income, or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly to equity.

3.12 Retirement benefit costs and short term employee benefits

Defined contribution plan

The Target Company operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its eligible employees. Contributions are made based on a percentage of the employees' basis salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Target Company in an independently administered fund. The Target Company's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each of the Relevant Periods.

Non-accumulating compensated absences are not recognised until the time of leave.

3.13 Financial liabilities

The Target Company's financial liabilities include accruals and other payables, which are recognised initially at fair values and subsequently measured at amortised costs, using the effective interest method.

Financial liabilities are recognised when the Target Company becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

3.14 Related parties

For the purposes of the Financial Information, a party is considered to be related to the Target Company if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Target Company or exercise significant influence over the Target Company in marking financial and operating policy decisions, or has join control over the Target Company;

(ii) The Target Company and the party are subject to common control;

(iii) the party is an associate of the Target Company or a joint venture in which the Target Company is a venturer;

(iv) the party is a member of key management personnel of the Target Company or the Target Company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Target Company or of any entity that is a related party of the Target Company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3.15 Operating segment

Operating segments are reported in a manner consistent with the internal management reports provided to the directors of the Target Company, being the chief operating decision-makers ("CODM"). The CODM review the Target Company's internal reports in order to assess performance, allocate resources and determine the operating segments.

The CODM considers that the Target Company has a single operating and reportable segment – the provision of investment advisory and asset management services to the holding company. Management assesses the performance of this single segment based on a measure of revenue and operating result before income tax.

A measure of total assets for this single segment is the total assets on the statements of financial position.

All revenue is generated in Hong Kong and all significant operating assets of the Target Company are in Hong Kong.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Target Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated useful lives and impairment of property, plant and equipment

Management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. Management will revise the depreciation charge where useful lives are different to previously estimated, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Management also regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset is lower than its recoverable amount which is the greater of its net selling price or its value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. Management estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business.

Impairment of amount due from the holding company

Management of the Target Company determines impairment of amount due from the holding company on a regular basis. A considerable amount of judgement is required in assessing the ultimate realisation of this receivable, including the current creditworthiness and the past collection history of the debtor. If the financial conditions of the debtor were to deteriorate, resulting in an impairment of its ability to make payments, additional impairment may be required.

5. REVENUE

Revenue, which is also the Target Company's turnover, represents fees received and receivable for the provision of investment advisory and asset management services during the Relevant Periods.

6. PROFIT BEFORE INCOME TAX

	Period from 1 June 2007 (date of incorporation) to 31 December	Year ended 31 December		For the three months ended 31 March	
	2007	**2008**	**2009**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit before income tax is arrived at after charging/(crediting):					
Auditors' remuneration	156	156	156	–	30
Amortisation of intangible assets	34	72	77	–	19
Depreciation	278	562	569	–	142
Exchange (gain)/loss, net	(2)	(13)	6	–	–
Operating lease charges in respect of rented premises	1,037	1,464	1,531	267	405

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2009 and 2008: 16.5%; 2007: 17.5%) on the estimated assessable profits for the period/year.

The income tax expense charged to the statements of comprehensive income represents:

	Period from 1 June 2007 (date of incorporation) to 31 December	Year ended 31 December		For the three months ended 31 March	
	2007	**2008**	**2009**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Current tax					
– Hong Kong profits tax					
Tax for the period/year	224	233	404	–	85
Over provision in prior year	–	(26)	–	–	–
	224	207	404	–	85
Deferred tax *(Note 15)*					
Current period/year	106	(81)	(19)	–	–
Attributable in decrease in tax rate*	–	(6)	–	–	–
	106	(87)	(19)	–	–
Total income tax expense	330	120	385	–	85

* The Hong Kong SAR Government enacted a reduction in the profits tax rate from 17.5% to 16.5% with effect from the year of assessment 2008/2009. Accordingly, the relevant current and deferred taxes have been calculated using the new tax rate of 16.5% for the year ended 31 December 2008.

Reconciliation between income tax expense and accounting profit at applicable tax rates is as follows:

	Period from 1 June 2007 (date of incorporation) to 31 December	Year ended 31 December		For the three months ended 31 March	
	2007	**2008**	**2009**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit before income tax	878	1,702	1,924	301	419
Tax at applicable rate of 16.5% (2009 and 2008: 16.5%, 2007: 17.5%)	154	281	318	50	69
Tax effect of non-deductible expenses	176	–	–	–	2
Tax effect of non-taxable income	–	(129)	–	–	–
Tax effect of temporary differences not recognised	–	–	77	–	17
Effect on deferred tax as a result of a decrease in tax rates during the year ended 31 December 2008	–	(6)	–	–	–
Under provision for the year/period	–	–	(10)	(50)	(3)
Over provision in prior year	–	(26)	–	–	–
Income tax expense	330	120	385	–	85

8. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	Period from 1 June 2007 (date of incorporation) to 31 December	Year ended 31 December		For the three months ended 31 March	
	2007	**2008**	**2009**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Salaries and bonuses	6,228	12,342	14,510	2,538	3,186
Retirement benefit costs – defined contribution plan	48	116	111	18	35
Other employee benefits	547	626	467	–	56
	6,823	13,084	15,088	2,556	3,277

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Directors' emoluments

	Directors' fees	Salaries and allowances	Bonuses	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Period from 1 June 2007 (date of incorporation) to 31 December 2007:					
Mr. Jeffrey Lau Chun Hung	–	1,050	–	7	1,057
Mr. Nelson Tang Yu Ming	–	1,050	–	7	1,057
Mr. Ulric Leung Yuk Lun #	–	659	–	5	664
	–	2,759	–	19	2,778
Year ended 31 December 2008:					
Mr. Jeffrey Lau Chun Hung	–	1,800	–	12	1,812
Mr. Nelson Tang Yu Ming	–	1,800	–	12	1,812
Mr. Ulric Leung Yuk Lun	–	1,800	150	12	1,962
	–	5,400	150	36	5,586
Year ended 31 December 2009:					
Mr. Jeffrey Lau Chun Hung	–	1,800	–	12	1,812
Mr. Nelson Tang Yu Ming	–	1,800	–	12	1,812
Mr. Ulric Leung Yuk Lun	–	1,800	150	12	1,962
	–	5,400	150	36	5,586
Three months ended 31 March 2009 (unaudited):					
Mr. Jeffrey Lau Chun Hung	–	450	–	3	453
Mr. Nelson Tang Yu Ming	–	450	–	3	453
Mr. Ulric Leung Yuk Lun	–	450	–	3	453
	–	1,350	–	9	1,359
Three months ended 31 March 2010:					
Mr. Jeffrey Lau Chun Hung	–	480	–	3	483
Mr. Nelson Tang Yu Ming	–	480	–	3	483
Mr. Ulric Leung Yuk Lun	–	480	41	3	524
	–	1,440	41	9	1,490

The director was appointed on 4 September 2007.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

Five highest paid individuals

The five individuals whose emoluments were the highest in the Target Company for the Relevant Periods included 3 directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 2 individuals during the Relevant Periods are as follows:

	Period from 1 June 2007 (date of incorporation) to 31 December	Year ended 31 December		For the three months ended 31 March	
	2007	**2008**	**2009**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Salaries and allowances	1,383	3,600	3,600	900	960
Bonuses	507	1,470	2,625	–	83
Retirement benefit costs – defined contribution plans	10	24	24	6	6
	1,900	5,094	6,249	906	1,049

The number of individuals fell within the following emolument bands:

	Number of individuals				
	Period from 1 June 2007 (date of incorporation) to 31 December	Year ended 31 December		For the three months ended 31 March	
	2007	**2008**	**2009**	**2009** (unaudited)	**2010**
Emolument bands					
Nil to HK$1,000,000	2	–	–	5	5
HK$1,000,001 – HK$1,500,000	3	–	–	–	–
HK$1,500,001 – HK$2,000,000	–	4	4	–	–
HK$2,000,001 – HK$2,500,000	–	–	–	–	–
HK$2,500,001 – HK$3,000,000	–	–	–	–	–
HK$3,000,001 – HK$3,500,000	–	1	–	–	–
HK$3,500,001 – HK$4,000,000	–	–	–	–	–
HK$4,000,001 – HK$4,500,000	–	–	1	–	–
	5	5	5	5	5

During the Relevant Periods, no director or the remaining two highest paid individuals received any emoluments from the Target Company as an inducement to join, upon joining the Target Company, leave the Target Company or as compensation for loss of office.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Computer hardware and office equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
As at 1 June 2007 (date of incorporation)				
Opening net book amount	–	–	–	–
Additions	1,211	412	42	1,665
Depreciation	(202)	(69)	(7)	(278)
Closing net book amount	1,009	343	35	1,387
As at 31 December 2007 and 1 January 2008				
Cost	1,211	412	42	1,665
Accumulated depreciation	(202)	(69)	(7)	(278)
Net book amount	1,009	343	35	1,387
Year ended 31 December 2008				
Opening net book amount	1,009	343	35	1,387
Additions	–	43	–	43
Depreciation	(404)	(144)	(14)	(562)
Closing net book amount	605	242	21	868
As at 31 December 2008 and 1 January 2009				
Cost	1,211	455	42	1,708
Accumulated depreciation	(606)	(213)	(21)	(840)
Net book amount	605	242	21	868
Year ended 31 December 2009				
Opening net book amount	605	242	21	868
Depreciation	(404)	(151)	(14)	(569)
Closing net book amount	201	91	7	299
As at 31 December 2009 and 1 January 2010				
Cost	1,211	455	42	1,708
Accumulated depreciation	(1,010)	(364)	(35)	(1,409)
Net book amount	201	91	7	299
Three months ended 31 March 2010				
Opening net book amount	201	91	7	299
Depreciation	(100)	(39)	(3)	(142)
Closing net book amount	101	52	4	157
As at 31 March 2010				
Cost	1,211	455	42	1,708
Accumulated depreciation	(1,110)	(403)	(38)	(1,551)
Net book amount	101	52	4	157

11. INTANGIBLE ASSETS – COMPUTER SOFTWARE

	As at 31 December			As at 31 March
	2007	2008	2009	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At the beginning of the period/year, net of accumulated amortisation	–	171	124	47
Additions	205	25	–	–
Amortisation charge	(34)	(72)	(77)	(19)
At the end of the period/year, net of accumulated amortisation	171	124	47	28
At the end of the period/year				
Cost	205	230	230	230
Accumulated amortisation	(34)	(106)	(183)	(202)
Net carrying amount	171	124	47	28

12. AMOUNT DUE FROM THE HOLDING COMPANY

The amount due is unsecured, interest-free and repayable on demand.

13. PREPAYMENTS AND DEPOSITS

	As at 31 December			As at 31 March
	2007	2008	2009	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments	82	152	152	152
Rental and utility deposits *(Note 21.1)*	7	482	482	482
	89	634	634	634

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at banks and cash in hand. Cash at banks earns interest at floating interest rates based on daily bank deposit rates.

15. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The net amounts recognised in the statements of financial position are as follows:

	As at 31 December			As at 31 March
	2007	2008	2009	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deferred tax assets	–	–	–	–
Deferred tax liabilities	(106)	(19)	–	–
At the end of the year	(106)	(19)	–	–

The movement of net deferred tax (liabilities)/assets account is as follows:

	As at 31 December			As at 31 March
	2007	**2008**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At the beginning of the period/year	–	(106)	(19)	–
(Charged)/credited to the statement of comprehensive income *(Note 7)*	(106)	87	19	–
At the end of the period/year	(106)	(19)	–	–

The movement in deferred tax liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax liabilities:

	Accelerated tax depreciation
	HK$'000
At 1 June 2007 (date of incorporation)	–
Recognised in the statement of comprehensive income	(106)
At 31 December 2007	(106)
Recognised in the statement of comprehensive income	87
At 31 December 2008	(19)
Recognised in the statement of comprehensive income	19
At 31 December 2009	–
Recognised in the statement of comprehensive income	–
At 31 March 2010	–

The unrecognised deferred tax assets in the statements of financial position are as follows:

	As at 31 December			As at 31 March
	2007	**2008**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Decelerated tax depreciation	–	–	77	94

Deferred tax assets have not been recognised in respect of the above decelerated tax depreciation as the recoverability of the potential assets is uncertain.

16. SHARE CAPITAL

	As at 31 December			As at 31 March
	2007	2008	2009	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Authorised:				
At the beginning of the period/year	10	5,000	5,000	5,000
Increase in 4,990,000 ordinary shares of HK$1 each	4,990	–	–	–
At the end of the period/year	5,000	5,000	5,000	5,000
Issued and fully paid:				
At the beginning of the period/year	10	2,500	2,500	2,500
Issue of 2,490,000 ordinary shares of HK$1 each	2,490	–	–	–
At the end of the period/year	2,500	2,500	2,500	2,500

On 1 June 2007, the Target Company was incorporated with an authorised share capital of HK$10,000 divided into 10,000 ordinary shares of HK$1 each. 10,000 shares of HK$1 were issued at par to the subscriber to provide initial capital to the Target Company upon its date of incorporation.

Pursuant to an ordinary resolution on 3 September 2007, the authorised share capital of the Target Company was increased from HK$10,000 divided into 10,000 ordinary shares of HK$1 each to HK$5,000,000 by the creation of a further 4,990,000 ordinary shares of HK$1 each ranking pari passu in all respects with the existing shares of the Target Company. On the same date, 2,490,000 ordinary shares of HK$1 each of the Target Company were allotted and issued at par to the existing shareholder and were fully paid up to provide additional working capital.

17. DIVIDEND

Pursuant to a board resolution on 1 April 2009, the directors proposed the payment of an interim dividend of HK$0.8 per ordinary share, totally HK$2,000,000 for the year ended 31 December 2008 and the dividend was settled by crediting to amount due from the holding company during the year ended 31 December 2009 (Note 19).

18. RELATED PARTY TRANSACTIONS

18.1 In addition to the balances disclosed elsewhere in this report, the following transactions were carried out by the Target Company with its related parties during the Relevant Periods:

	Period from 1 June 2007 (date of incorporation) to 31 December	Year ended 31 December		For the three months ended 31 March	
	2007	**2008**	**2009**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Advisory service income from the holding company *(Note (i))*	13,078	18,667	21,181	3,312	4,605
Rental and building management fee paid to a director *(Note (ii))*	152	–	–	–	–

Notes:

(i) The Target Company has entered into an investment advisory agreement with its holding company, Shikumen Capital Management Limited, in which the three directors of the Target Company own beneficial equity interest, to provide certain advisory and management services. The fee receivables are billed monthly and are payable within 60 days from the invoice date.

(ii) Mr. Nelson Tang Yu Ming, the director of the Target Company, has entered into an office rental agreement on behalf of the Target Company on 10 July 2007, which was novated to the Target Company with effect from 1 January 2008. During the period ended 31 December 2007, he paid the rental expense and building management fee amounting to approximately HK$152,000 which was reimbursed by the Target Company.

18.2 Key management personnel compensation

	Period from 1 June 2007 (date of incorporation) to 31 December	Year ended 31 December		For the three months ended 31 March	
	2007	**2008**	**2009**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Short-term employee benefits of directors and other members of key management	4,678	10,680	11,835	2,265	2,539

19. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

An interim dividend of HK$2,000,000 proposed by the directors of the Target Company for the year ended 31 December 2008 was settled by crediting to amount due from the holding company during the year ended 31 December 2009 (Note 17).

20. OPERATING LEASE COMMITMENTS

The Target Company's total future minimum lease payments under non-cancellable operating leases are payable in the following periods:

	As at 31 December			As at 31 March
	2007	**2008**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	1,598	1,465	533	133
In the second to fifth years	1,998	533	–	–
	3,596	1,998	533	133

The Target Company leases a property under an operating lease. The lease runs for an initial period of three years with an option to renew the lease terms at the expiry date. The lease does not include any contingent rentals.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Target Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the Target Company's financial performance.

21.1 Categories of financial assets and liabilities

The carrying amounts presented in the statements of financial position relate to the following categories of financial assets and liabilities.

	As at 31 December			As at 31 March
	2007	2008	2009	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at amortised cost				
Current assets				
– Amount due from the holding company	2,454	4,950	6,780	3,405
– Rental and utility deposits *(Note 13)*	7	482	482	482
– Cash and cash equivalents	2,214	36	955	1,003
	4,675	5,468	8,217	4,890
Financial liabilities at amortised cost				
Current liabilities				
– Accruals and other payables	2,937	2,001	4,376	469
	2,937	2,001	4,376	469

21.2 Foreign currency risk

Foreign currency risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Target Company uses Hong Kong dollar as its functional currency.

The Target Company operates in Hong Kong and is exposed to limited foreign currency risk as the majority of its assets and liabilities are denominated in Hong Kong dollar and United States dollar. The directors of the Target Company consider that the Target Company has no significant exposure to foreign currency risk as the Hong Kong dollar is currently pegged to United States dollar.

21.3 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The majority of the Target Company's financial assets and liabilities are non-interest bearing. The only interest bearing financial assets of the Target Company are the bank balances which are less than one month of contractual re-pricing or maturity dates. As a result, the directors consider that the Target Company is not subject to significant amount of risk due to fluctuation in the prevailing levels of market interest rates. As these interest bearing assets are short-term in nature, the directors consider that changes in their fair values in the event of a change in interest rate would be immaterial.

21.4 Fair value

The fair values of the Target Company's financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity.

21.5 Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Target Company. The Target Company's bank balances are mainly deposited in financial institution which is considered reputable by the directors. The source of the revenue is mainly derived from the provision of investment advisory and asset management services to its holding company. The directors consider that the Target Company does not have significant exposure to the credit risk.

21.6 Liquidity risk

The Target Company manages liquidity needs by holding sufficient liquid assets to ensure that short term funding requirements are covered within prudent limits and sufficient funding is maintained to meet unexpected and material cash outflows in the ordinary course of business.

The table below analyses the Target Company's financial liabilities into relevant maturity groupings based on the remaining year at the end of each of the Relevant Periods to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	As at 31 December			As at 31 March
	2007	**2008**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Less than 6 months				
– Accruals and other payables	2,937	2,001	4,376	469
Total financial liabilities	2,937	2,001	4,376	469

22. CAPITAL MANAGEMENT

The Target Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for equity holder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the capital structure, the Target Company may adjust the amount of dividends paid to equity holder or issue new shares as the directors may consider necessary. The directors of the Target Company regard total equity of approximately HK$3,048,000, HK$4,630,000, HK$4,169,000 and HK$4,503,000 as at 31 December 2007, 31 December 2008, 31 December 2009 and 31 March 2010 respectively as capital and its retained earnings, for capital management purpose.

In addition, the Target Company is a licensed corporation under the Hong Kong Securities and Futures Ordinance to carry out certain regulated activities. The Target Company met the paid-up share capital requirement and the required liquid capital requirement of the Hong Kong Securities and Futures Commission throughout the Relevant Periods.

23. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Company have been prepared in respect of any period subsequent to 31 March 2010.

Yours faithfully,

Grant Thornton
Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

The following unaudited pro forma statement of assets and liabilities of the Enlarged Group has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Shikumen Acquisition on the assets and liabilities of the Group as if the Shikumen Acquisition had taken place on 31 December 2009.

1. INTRODUCTION

The following is the unaudited pro forma statement of assets and liabilities of the Enlarged Group prepared in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of illustrating the effect of the Shikumen Acquisition on the assets and liabilities of the Enlarged Group as at 31 December 2009.

The accompanying unaudited pro forma statement of assets and liabilities of the Enlarged Group after the Shikumen Acquisition is based on certain assumptions, estimates, uncertainties and other currently available financial information, and is provided for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Shikumen Acquisition been completed as at 31 December 2009 or at any future date.

2. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

The accompanying unaudited pro forma statement of assets and liabilities of the Enlarged Group is based on the audited consolidated statement of financial position of the Group as at 31 December 2009 extracted from the published annual report of the Company for the year ended 31 December 2009 and the audited statement of financial position of SCHK as at 31 March 2010 extracted from the accountants' report on SCHK as set out in Appendix II to this circular, respectively as if the proposed Shikumen Acquisition had been completed on 31 December 2009. It has been prepared on the basis as set out in the notes below and is consistent with the accounting policies adopted by the Group.

	The Group as at 31 December 2009 *US$'000*	SCHK as at 31 March 2010 *US$'000*	Pro forma adjustments *US$'000*	*Notes*	Pro forma Enlarged Group after the Shikumen Acquisition *US$'000*
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	639	20			659
Interests in jointly controlled entities	16	–			16
Available-for-sale investments	607	–			607
Note receivable	508	–			508
Intangible assets	21	4	6,019	2	6,044
	1,791	24			7,834
Current assets					
Trade and other receivables	1,488	517			2,005
Tax recoverable	74	–			74
Financial assets at fair value through profit or loss	8,560	–			8,560
Loan receivable	1,348	–			1,348
Cash and cash equivalents	7,846	129			7,975
	19,316	646			19,962
Current liabilities					
Trade and other payables	3,395	60			3,455
Deferred income	27	–			27
Provision for taxation	–	33			33
Current portion of obligations under finance leases	367	–			367
Provision for liabilities	6,209	–			6,209
	9,998	93			10,091
Net current assets	9,318	553			9,871
Total assets less current liabilities	11,109	577			17,705
Non-current liabilities					
Loan payable	54	–			54
Note payable	–	–	3,846	2	3,846
Obligations under finance leases	144	–			144
Convertible bond	21,408	–			21,408
	21,606	–			25,452
Net (liabilities)/assets	(10,497)	577			(7,747)

Notes to the unaudited pro forma statement of assets and liabilities of the Enlarged Group

1. On 24 June 2010, the Company, Shikumen Capital (as vendor), Mr. Nelson Tang Yu Ming and Mr. Jeffrey Lau Chun Hung (as warrantors for the vendor) entered into the Shikumen Acquisition Agreement pursuant to which Shikumen Capital has agreed to sell and the Company has agreed to acquire the SC Sale Shares, being the entire issued share capital of SCHK, for a consideration of HK$46,900,000. In determining the consideration, the parties have taken into consideration (i) the historical performance and assets under management of the Funds and (ii) the historical financial performance of SCHK. The consideration was arrived at after arm's length negotiation among the parties.

   The consideration for the Shikumen Acquisition will be satisfied as follows: (i) HK$16,900,000 of the consideration will be settled by the allotment and issue of 130,000,000 Consideration Shares by the Company to Shikumen Capital (or its designated wholly-owned subsidiary) upon completion at an issue price of HK$0.13 per Consideration Share and (ii) the issue of a promissory note for HK$30,000,000 by the Company to Shikumen Capital (or its designated wholly-owned subsidiary) at completion. The promissory note to be issued by the Company to Shikumen Capital (or its designated wholly-owned subsidiary) will bear interest at 3.5% per annum (and payable in arrears on each anniversary of the date of completion of the Shikumen Acquisition) with a term of 24 months from the date of completion of the Shikumen Acquisition. Early repayment by the Company of the principal (together with accrued interest) under the promissory note is permitted at any time after the completion of the Shikumen Acquisition at the Company's discretion. The 130,000,000 Consideration Shares represent approximately 28.2% of the enlarged issued share capital of the Company after completion of the Shikumen Acquisition.

   Upon completion, SCHK is considered by the directors of the Company as subsidiary of the Company as it will be controlled by the Group after completion. The statement of financial position of SCHK will be consolidated into the consolidated statements of financial position of the Group from the date on which control is transferred to the Group, which is assumed to be the date of completion.

2. The adjustments are to reflect the effect of the Shikumen Acquisition on the unaudited pro forma statement of assets and liabilities of the Enlarged Group as if the Shikumen Acquisition had been completed on 31 December 2009 and before the disposal of the Group's merchant banking assets (including the corporate finance businesses) and its investments to Mr. Khan (the "Disposal").

   The pro forma adjustments represent the following:

   (i) the excess of the consideration over the share of fair values of the identifiable assets and liabilities of the SCHK is recorded as goodwill; and

   (ii) the issue of a promissory note for HK$30,000,000 (equivalent to approximately US$3,846,000) by the Company to Shikumen Capital (or its designated wholly-owned subsidiary) as part of the consideration at completion is recorded as note payable.

   Details of intangible assets arising on the Shikumen Acquisition as if the Shikumen Acquisition was completed on 31 December 2009 and before the Disposal are as follows:

	HK$'000	*US$'000*
Fair value of consideration at Completion		
– Allotment and issuance of 130,000,000 Consideration Shares of the Company	21,450	2,750
– Issue of promissory note	30,000	3,846
Less: Fair value of net identifiable tangible assets of SCHK to be acquired	(4,503)	(577)
Intangible assets – contract-based intangible and goodwill	46,947	6,019

The fair value of Consideration Share at 31 December 2009 of HK$0.165 is used in the unaudited pro forma statement of assets and liabilities for illustrative purpose only. The actual fair value will be based on the market price of the shares of the Company upon completion which may be different from HK$0.165 per share. Accordingly, the actual goodwill at the date of completion may be different from the amount presented above.

The fair value of the promissory note issued for the Shikumen Acquisition is estimated as if it was issued on 31 December 2009 assuming 3.5% as an effective interest rate and no embedded derivative. The actual fair value of the promissory note will be arrived at using the market rate at the date of completion and after performing the closely related assessment of early prepayment options under the promissory note in accordance with the Improvements to IFRS 2009 which will be effective for the financial period ended 31 December 2010.

The fair value of the consideration of SCHK is arrived at after taken into consideration (i) the historical performance and assets under management of the Funds and (ii) the historical financial performance of SCHK and compared with those of the Comparables. The excess of the fair value of the consideration of SCHK over the fair value of the net assets to be acquired is considered to be the fair value of the contract-based intangible and goodwill arising on the Shikumen Acquisition which is shown as intangible assets in the unaudited pro forma statement of assets and liabilities. The fair value of the contract-based intangible will be valued by an independent professional valuer and will be recognised separately at the date of completion together with the related deferred tax liability.

Since the fair values of total consideration of Consideration Shares, promissory note and net identifiable assets of SCHK at the date of completion of the Shikumen Acquisition may be substantially different from the fair values used in the preparation of this unaudited pro forma statement of assets and liabilities of the Enlarged Group, the final amount of intangible assets to be recognised in connection with the Shikumen Acquisition will be different from the estimated intangible assets stated herein.

3. For the purpose of the preparation of the pro forma statement of assets and liabilities, transaction costs of the Shikumen Acquisition are assumed to have insignificant impact on the pro forma statement of assets and liabilities as the actual costs incurred/to be incurred were estimated to be approximately US$270,000.

3. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

The following is the text of a report received from the Company's reporting accountants, Grant Thornton, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

Grant Thornton
均富

Member of Grant Thornton International Ltd

26 July 2010

The Directors
Crosby Capital Limited
18th Floor, Fairmont House
8 Cotton Tree Drive
Central
Hong Kong

Dear Sirs,

ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF CROSBY CAPITAL LIMITED

We report on the unaudited pro forma financial information of Crosby Capital Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") and Shikumen Capital Management (HK) Limited ("SCHK") (together with the Group collectively referred to as the "Enlarged Group") (the "Unaudited Pro Forma Financial Information"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed acquisition of the entire issued share capital of SCHK (the "Proposed Acquisition") upon the completion of the Proposed Acquisition, might have affected the financial information presented, for the inclusion in Appendix III of the Company's circular dated 26 July 2010 (the "Circular"). The basis of the preparation of the Unaudited Pro Forma Financial Information is set out on pages 1 to 4 of Appendix III to the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 31 of Chapter 7 of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we did not express any such assurance on the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not give any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2009 or any future date.

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,

Grant Thornton
Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

Authorised:		*US$'000*
2,000,000,000	Ordinary Shares	20,000
100,000	Convertible Redeemable Preference Shares	1
		20,001
Issued and fully paid or credited as fully paid:		*US$'000*
330,597,984	Ordinary Shares	3,306

The authorised and issued and fully paid up share capital of the Company upon the increase in authorised share capital of the Company and issue of the Consideration Shares and the Conversion Shares will be as follows:

Authorised:		*US$'000*
4,000,000,000	Ordinary Shares	40,000
100,000	Convertible Redeemable Preference Shares	1
		40,001

Issued and fully paid:		*US$'000*
330,597,984	Ordinary Shares	3,306
130,000,000	Consideration Shares	1,300
1,388,888,888	Conversion Shares to be issued upon full exercise the New Bonds at the initial Conversion Price	13,889
1,849,486,872		18,495

All Shares currently in issue rank pari passu in all respects with each others, including, in particular, as to dividends, voting rights and return of capital.

3. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, 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
					%
Mr. Khan *(Note 1)*	8,249,407	–	41,828,278	50,077,685	15.15
Johnny Chan Kok Chung *(Note 2)*	15,155,320	477,738	–	15,633,058	4.73
Joseph Tong Tze Kay	500,000	–	–	500,000	0.15
Peter McIntyre Koenig	350,000	–	–	350,000	0.11
Daniel Yen Tzu Chen	200,000	–	–	200,000	0.06

Note 1: As at the Latest Practicable Date, 22,488,364 Shares was held by ECK & Partners Limited and ECK & Partners Limited was wholly-owned by ECK Partners which was held as to 88.86% by TW Indus Limited. TW Indus Limited in turn held a direct interest in 19,339,914 Shares. Mr. Khan was beneficially interested in 100% of the share capital of TW Indus Limited. Accordingly, in addition to his personal interest in 8,249,407 Shares, Mr. Khan is interested in a total of 50,077,685 Shares.

Note 2: Yuda Udomritthiruj held 477,738 Shares. Yuda Udomritthiruj, an employee of a subsidiary of the Company, is the wife of Johnny Chan Kok Chung (a Director) and, accordingly, Mr. Chan 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 granted to the Directors under the Company's share option scheme, details of which are provided below:

Name of Directors	Date of grant	Exercise price	Aggregate long position in underlying Shares	Percentage which the aggregate long position in underlying shares of the Company represents to the total ordinary share capital of the Company in issue %
Mr. Khan	26 April 2006	HK$7.70	6,000,000	
	11 February 2008	HK$1.80	2,500,000	
			8,500,000	2.57
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	2.72
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	0.53
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	0.53
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	0.53
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	0.53

(iii) Short positions

None of the Directors held short positions in the shares and underlying shares of the Company or any associated corporation.

(iv) Interest in the shares of associated corporations

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
					%
Mr. Khan	CAM	100,000	–	100,000	0.04
	Crosby (Hong Kong) Limited	1	110,001 *(note 1 & 2)*	110,002	0.04
Johnny Chan Kok Chung	CAM	40,000	–	40,000	0.02
	Crosby (Hong Kong) Limited	30,000	–	30,000	0.01

Note 1: TW Indus Limited held 40,001 shares in Crosby (Hong Kong) Limited, a subsidiary of CAM. CAM is owned as to 86.45% by the Company. TW Indus Limited was beneficially wholly-owned by Mr. Khan.

Note 2: ECK & Partners Limited held 70,000 shares in Crosby (Hong Kong) Limited. ECK & Partners Limited was beneficially owned as to 88.86% by Mr. Khan. Since Mr. 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.

(v) Interest in the underlying shares of the associated corporation

The interests in the underlying shares of CAM arise from unlisted share options granted to the Directors under the CAM's share option scheme, details of which are provided below:

Name of Directors	Date of grant	Exercise 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 %
Mr. Khan	11 February 2008	22.25 pence	1,200,000	0.49
Johnny Chan Kok Chung	11 February 2008	22.25 pence	2,400,000	0.98

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests and 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) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who 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 member of the Enlarged Group:

(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
TBV Holdings Limited *(Note 1)*	30,205,500	–	9.14%
ECK & Partners Limited *(Note 2)*	22,488,364	–	6.80%
TW Indus Limited *(Note 3)*	19,339,914	–	5.85%

Note 1: 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 2: Since Mr. 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 Shares is duplicated in the 50,077,685 ordinary shares in which Mr. Khan is interested as a Director.

Note 3: TW Indus Limited held a direct interest in 19,339,914 Shares. Mr. Khan is beneficially interested in 100% of the share capital of TW Indus Limited and, therefore, Mr. Khan was also interested in these 19,339,914 Shares which are duplicated within the 50,077,685 Shares in which Mr. Khan is interested as a Director.

(ii) Short positions

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

Save as disclosed above, as at the Latest Practicable Date, 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 or who was 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 member of the Enlarged Group.

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

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, management Shareholders (as defined in the GEM Listing Rules) or substantial Shareholders or any of their respective associates had an interest in a business which competes or may compete with the business of the Group or had any other conflict of interest which any such person has or may have with the Group.

6. LITIGATION

The Group has received a number of complaints against its wealth management business relating to issues arising from the global financial crisis in 2007 and 2008. In all outstanding cases, the Group has sought legal counsel and refuted the allegations. Based on such legal advice and their own assessment of the claims, the Directors consider that the chances of any of these claims succeeding is low.

Furthermore, the Group's asset management and wealth management operations are covered under the professional liability insurance carried by the Group in the event that claims are made against the Group for any actual or alleged wrongful professional act, subject to the insurer reviewing information of each claim and confirming the amount covered. The Group's insurer has been informed of all of the claims referred to above.

Save as disclosed above, none of the members of the Enlarged Group was engaged in any litigation, arbitration, or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

7. INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, save for the Disposal Agreement, none of the Directors is materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Enlarged Group.

None of the Directors has any interest, direct or indirect, in any assets which have been acquired or disposed of by, or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by, or leased to any member of the Enlarged Group since 31 December 2009, the date to which the latest published audited financial statement of the Group was made up.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Enlarged Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

(a) the Shikumen Acquisition Agreement;

(b) the Disposal Agreement;

(c) the CAM Agreement; and

(d) the Placing Agreement.

9. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinion or advice which are contained in this circular:

Name	Qualification
Grant Thornton	Certified Public Accountants, Hong Kong

Grant Thornton has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, Grant Thornton did not have any shareholding in any member of the Enlarged Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

As at the Latest Practicable Date, Grant Thornton did not have any direct or indirect interests in any assets which had been, since 31 December 2009 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to, any member of the Enlarged Group.

10. AUDIT COMMITTEE

The Company established an Audit Committee on 31 March 2000 with the written terms of reference. The terms of reference are available on the Company's website (www.crosby.com). The Audit Committee comprises three Independent Non-Executive Directors, Joseph Tong Tze Kay (Chairman), Daniel Yen Tzu Chen and Peter McIntyre Koenig. The duties of the Audit Committee include: managing the relationship with the Group's external auditors, reviewing the financial information on the Company, and overseeing the Company's financial reporting process and internal control systems. The Audit Committee reports its work, findings and recommendations to the Board after each meeting. The biography of the members of Audit Committee are set out below:

(a) Daniel Yen Tzu Chen, aged 54, joined the Board in December 2002. He currently serves on the board of Hudson Holding Pte Ltd., a property and investment holding company based in Singapore. He is also a managing director and Founder of P.T. Universal Sejati, an Indonesian trading company that deals in commodity metals, chemicals, machinery and mining products. Daniel has an accounting and business background and has over 20 years experience throughout the Southeast Asian region particularly in Indonesia and Singapore.

(b) Peter McIntyre Koenig, aged 65, joined the Board in May 2004 with a financial and business background having over 30 years experience in journalism, including senior editorial positions for respected financial publications including the Institutional Investor, Euromoney, the Independent on Sunday, Bloomberg News and the Sunday Times. Peter is a director of the Food Commission, a non-profit group concerned with food and health issues.

(c) Joseph Tong Tze Kay, aged 47, joined the Board in August 2004 with a financial and business background including senior positions with Universal Music Limited, Softbank China Venture Investments Limited and Nomura China Investments Limited. Joseph is a member of the American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants and has degree in Accounting and Statistics from the University of Southampton, England. Joseph has been an independent non-executive director of NetEase.com, Inc., listed on NASDAQ, since March 2003.

11. MISCELLANEOUS

(a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(b) The head office and principal place of business of the Company is at 18th Floor, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong.

(c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investors Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) The company secretary of the Company is Winnie Sin Wing Hung, who is a member of the Institute of Chartered Accountants in England and Wales and is also a member of the Hong Kong Institute of Certified Public Accountants.

(e) The compliance officer of the Company is Johnny Chan Kok Chung, who holds a post-graduate diploma from the Securities Institute of Australia and is an associate of the Securities Institute of Australia. He also has an MBA in International Business and a BA degree in Economics.

(f) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

12. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at 18th Floor, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong during normal business hours on any Business Day from, the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the three financial years ended 31 December 2007, 2008 and 2009 and the first quarterly report of the Company for the three months ended 31 March 2010;

(c) the accountants' report on SCHK, the text of which is set out in Appendix II to this circular;

(d) the accountants' report from Grant Thornton in relation to the unaudited pro forma financial information on the Enlarged Group, the text of which is set out in Appendix III to this circular;

(e) the written consents referred to in the paragraph headed "Experts and consents" in this appendix;

(f) the material contracts as referred to under the paragraph "Material contracts" in this appendix; and

(g) this circular.

CROSBY

CROSBY CAPITAL LIMITED

(高誠資本有限公司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8088)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of Crosby Capital Limited (the "Company") will be held at 18th Floor, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong, Hong Kong on Tuesday, 10 August 2010 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution which will be proposed as an ordinary resolutions:

ORDINARY RESOLUTIONS

1 **"THAT:**

(a) the terms and conditions of the sale and purchase agreement dated 24 June 2010 (the "Shikumen Acquisition Agreement", a copy of which has been produced to the meeting marked "A" and signed by the chairman of the meeting for the purpose of identification) entered into between Shikumen Capital Management Limited (the "Vendor"), the Company, Mr. Nelson Tang Yu Ming and Mr. Jeffrey Lau Chun Hung in relation to the acquisition of the entire issued share capital of Shikumen Capital Management (HK) Limited at a consideration of HK$46.9 million be and are hereby approved, ratified and confirmed;

(b) the allotment and issue of 130,000,000 new shares (the "Consideration Shares") of US$0.01 each in the capital of the Company to the Vendor (or its designated wholly-owned subsidiary) or its nominees at HK$0.13 each for the settlement of part of the consideration of HK$16,900,000 pursuant to the terms of the Shikumen Acquisition Agreement be and are hereby approved and that the Consideration Shares, when allotted and issued shall rank pari passu in all respects with all other shares of US$0.01 each in the capital of the Company in issue as at the date of allotment and issue of the Consideration Shares;

(c) subject to the completion of the Shikumen Acquisition Agreement, the issue of the promissory note to the Vendor (or its designated wholly-owned subsidiary) upon terms and conditions as set out in the Shikumen Acquisition Agreement be and is hereby approved; and

(d) any of the directors of the Company be and are hereby authorised on behalf of the Company to do all such things and sign, seal, execute, perfect and deliver all such documents as he may in his discretion

* *for identification purposes only*

consider necessary, desirable or expedient, for the purpose or in connection with the implementation of and/or to give effect to any matters relating to the Shikumen Acquisition Agreement and all transactions contemplated thereunder."

2 **"THAT** the authorised share capital of the Company be and is hereby increased from US$20,000,000 divided into 2,000,000,000 Shares of US$0.01 (the "Shares") each to US$40,000,000 divided into 4,000,000,000 Shares by the creation of an additional US$20,000,000 divided into 2,000,000,000 new Shares of US$0.01 each in the Company ranking pari passu in all respects with the existing share capital of the Company."

3 **"THAT:**

(a) the issue by the Company pursuant to the placing agreement (a copy of which having been produced to the meeting marked "B" and initialed by the chairman of the meeting for the purpose of identification) dated 24 June 2010 entered into between the Company and Emperor Securities Limited of convertible bonds, upon terms and conditions substantially the same as set out in the placing agreement but subject to such changes as the directors may think fit, with an aggregate principal amount up to HK$250,000,000 (the "New Bonds") entitling the holders thereof to convert the principal amount thereof into new shares to be issued by the Company (the "Conversion Shares") at an initial conversion price of HK$0.18 per Conversion Share (subject to adjustments) and the issue and allotment of the Conversion Shares upon exercise of the conversion rights at the initial conversion price or such number of Conversion Shares that may be issued upon adjustment or reset of the conversion price pursuant to the terms of the New Bonds be and are hereby approved; and

(b) any of the directors of the Company be and are hereby authorised to exercise all the powers of the Company and take all steps as might in his opinion be desirable, necessary or expedient in relation to the issue of the New Bonds and the issue and allotment of the Conversion Shares and otherwise in connection with the implementation of the transactions contemplated under the placing agreement including without limitation to the signing, sealing, execution, amendment, supplement, delivery, submission and implementation of any documents or agreements."

By Order of the Board of
CROSBY CAPITAL LIMITED
Ilyas Tariq Khan
Chairman and Chief Executive Officer

Hong Kong, 26 July 2010

Notes:

1. A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy in respect of the whole or any part of his holding of shares to attend and vote in his stead. A proxy need not be a shareholder of the Company.

2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney or authority, must be deposited at the principal place of business of the Company at 18th Floor, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting, and in default thereof the form of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiry of 12 months from the date of its execution.

3. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting, and in such event the instrument appointing a proxy shall be deemed to be revoked.