



CROSBY

CAPITAL LIMITED

Stock Code: 8088

3rd Quarterly Report 2011  
For the nine months ended 30 September

**Characteristics of The Growth Enterprise Market (“GEM”)  
of The Stock Exchange of Hong Kong Limited (the “Exchange”)**

**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.**

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

## ABOUT CROSBY CAPITAL LIMITED

Crosby Capital Limited ("Crosby" or the "Company" and, together with its subsidiaries, the "Group") is an independent asset management group listed on the Hong Kong Stock Exchange's GEM board (HK GEM 8088).

The Group is engaged in the businesses of asset management and direct investment.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group reports a reduced loss attributable to owners for the period under review of US\$1.3 million when compared to a loss of US\$6.7 million for the same period last year.

Revenue from continuing operations have increased to US\$4.1 million for the period under review when compared to US\$2.3 million for the same period last year. Shikumen Capital Management (HK) Limited ("Shikumen"), a wholly owned subsidiary acquired in September 2010, was the major contributor to the increase in the revenue of the Group for the period. Total operating expenses (being other administrative expenses plus other operating expenses) for the period under review were US\$6.9 million. Excluding those incurred by the newly acquired Shikumen of US\$1.9 million, the total operating expenses were US\$5.0 million for the period under review as compared to that of US\$5.3 million for the same period last year.

After the restructuring of the Group last year, the Group wishes to utilize its resources more efficiently and the Directors consider that it is time to expand its existing business or invest in new investment business in the near future so as to strengthen the Group's income base and financial position. The Group intends to increase its assets under management in different asset classes either by launching new investment funds under its management or via acquisitions of other asset management firms. Upon the completion of the rights issue with an option to subscribe for non-voting redeemable convertible preference shares ("RCPS"), the Company allotted 49,059,798 rights shares at subscription price of HK\$0.80 each and 10,019,790 RCPS at initial subscription price of US\$0.10 each on 14 September 2011, raising total new fund of US\$5.6 million in cash to facilitate this strategy.

## UNAUDITED CONSOLIDATED INCOME STATEMENT

The board of directors (the "Board") of the Company is pleased to announce the unaudited consolidated results of the Group for the nine months and three months ended 30 September 2011 (the "Review Periods"), together with the comparative unaudited figures of the corresponding periods in 2010, as follows:

	Notes	Unaudited Nine months ended 30 September		Unaudited Three months ended 30 September	
		2011 US\$'000	(Restated) 2010 US\$'000	2011 US\$'000	(Restated) 2010 US\$'000
<b>Continuing operations</b>					
<b>Revenue</b>	3	<b>4,095</b>	2,307	<b>833</b>	1,364
Cost of sales		<b>(417)</b>	(22)	<b>(155)</b>	(7)
<b>Gross profit</b>		<b>3,678</b>	2,285	<b>678</b>	1,357
Loss on financial assets at fair value through profit or loss		<b>(106)</b>	–	<b>(38)</b>	–
Gain on financial liabilities at fair value through profit or loss		<b>4,203</b>	–	<b>1,215</b>	–
Other income	3	<b>139</b>	4,079	<b>5</b>	275
Administrative expenses					
Amortisation of intangible assets		<b>(609)</b>	(41)	<b>(205)</b>	(41)
Other administrative expenses		<b>(6,440)</b>	(5,076)	<b>(2,014)</b>	(1,972)
		<b>(7,049)</b>	(5,117)	<b>(2,219)</b>	(2,013)
Impairment of available-for-sale investments		–	(5)	–	54
Reversal of impairment on available-for-sale investments		–	79	–	79
Impairment of loan receivable		–	(1,514)	–	(493)
Other operating expenses		<b>(473)</b>	(194)	<b>(165)</b>	(54)
<b>Profit/(Loss) from operations</b>		<b>392</b>	(387)	<b>(524)</b>	(795)
Finance costs		<b>(2,328)</b>	(1,164)	<b>(892)</b>	(413)
Share of profit of a jointly controlled entity		<b>156</b>	70	<b>53</b>	19
<b>Loss before taxation</b>		<b>(1,780)</b>	(1,481)	<b>(1,363)</b>	(1,189)
Taxation	4	<b>(198)</b>	(96)	<b>72</b>	(99)
Loss for the period from continuing operations		<b>(1,978)</b>	(1,577)	<b>(1,291)</b>	(1,288)
<b>Discontinued operations</b>					
Loss for the period from discontinued operations	6	–	(4,190)	–	(511)
<b>Loss for the period</b>		<b>(1,978)</b>	(5,767)	<b>(1,291)</b>	(1,799)

		Unaudited Nine months ended 30 September		Unaudited Three months ended 30 September	
		(Restated)	(Restated)	(Restated)	(Restated)
		2011	2010	2011	2010
Note		US\$'000	US\$'000	US\$'000	US\$'000
<b>Attributable to:</b>					
Owners of the Company					
	Loss for the period from continuing operations	(1,281)	(2,498)	(1,042)	(1,523)
	Loss for the period from discontinued operations	–	(4,172)	–	(363)
		<u>(1,281)</u>	<u>(6,670)</u>	<u>(1,042)</u>	<u>(1,886)</u>
Non-controlling interests					
	(Loss)/Profit for the period from continuing operations	(697)	921	(249)	235
	Loss for the period from discontinued operations	–	(18)	–	(148)
		<u>(697)</u>	<u>903</u>	<u>(249)</u>	<u>87</u>
	<b>Loss for the period</b>	<b><u>(1,978)</u></b>	<b><u>(5,767)</u></b>	<b><u>(1,291)</u></b>	<b><u>(1,799)</u></b>
	<b>Loss per share attributable to owners of the Company</b>	<b>US cents</b>	(Restated) US cents	<b>US cents</b>	(Restated) US cents
	Basic				
	Continuing operations	(2.46)	(7.55)	(1.79)	(4.41)
	Discontinued operations	–	(12.62)	–	(1.05)
		<u>(2.46)</u>	<u>(20.17)</u>	<u>(1.79)</u>	<u>(5.46)</u>
	Diluted				
	Continuing operations	N/A	N/A	N/A	N/A
	Discontinued operations	N/A	N/A	N/A	N/A
		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

# UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months and three months ended 30 September 2011

	Unaudited Nine months ended 30 September		Unaudited Three months ended 30 September	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
<b>Loss for the period</b>	<b>(1,978)</b>	(5,767)	<b>(1,291)</b>	(1,799)
<b>Other comprehensive income:</b>				
Exchange differences on translating foreign operations	4	176	4	111
Available-for-sale investments				
Surplus on revaluation	65	389	25	460
Recycle to income statement:				
Provision for impairment	–	5	–	(54)
Reversal of impairment	–	(79)	–	(79)
Gain upon disposal	(15)	(285)	–	–
Other comprehensive income for the period, net of tax	54	206	29	438
<b>Total comprehensive income for the period, before and net of tax</b>	<b>(1,924)</b>	(5,561)	<b>(1,262)</b>	(1,361)
<b>Attributable to:</b>				
Owners of the Company	(1,227)	(6,532)	(1,013)	(1,507)
Non-controlling interests	(697)	971	(249)	146
	<b>(1,924)</b>	(5,561)	<b>(1,262)</b>	(1,361)

# NOTES TO THE UNAUDITED CONSOLIDATED INCOME STATEMENT

## 1. *Basis of presentation*

The Company was incorporated in the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and, its principal place of business is Unit 502, 5th Floor, AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong.

The Company acts as the holding company of the Group. The Group was principally engaged in the businesses of merchant banking, asset management and direct investment. Subsequent to the completion of the disposal of the merchant banking assets and the corporate finance and financial advisory services businesses on 4 October 2010, the Group principally focuses on the businesses of asset management and direct investment.

The Board has adopted International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board. The unaudited consolidated financial information complies with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The unaudited consolidated financial information has been prepared under historical cost basis except for financial instruments classified as available-for-sale and at fair value through profit or loss which are measured at fair values.

It should be noted that accounting estimates and assumptions are used in preparation of the unaudited consolidated 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 unaudited consolidated financial information, are consistent with those set out in the Company's annual audited consolidated financial statements for the year ended 31 December 2010 ("2010 Annual Report").

For the purpose of presenting discontinued operations, the comparative unaudited consolidated income statement and the related notes have been re-presented as if the operations discontinued during the period had been discontinued at the beginning of the comparative period as consistent with the Company's 2010 Annual Report.

This consolidated financial information for the nine months ended 30 September 2011 is unaudited but have been reviewed by the audit committee of the Company.

## 2. *Principal accounting policies*

This unaudited consolidated financial information should be read in conjunction with the Company's 2010 Annual Report, which have been prepared in accordance with IFRSs.

The principal accounting policies adopted to prepare the unaudited consolidated financial information are consistent with those adopted to prepare to the Company's 2010 Annual Report, except for the following additional accounting policy adopted by the Group as set out below:

### *Leasehold land and building*

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. Payments for leasehold land held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

The Group has not early adopted the new/revised IFRSs which have been issued but are not yet effective. The Group is in the process of making an assessment of the potential impact of these new/revised IFRSs and the Directors so far anticipated that the application of these new/revised IFRSs will have no material impact on the Group's unaudited consolidated financial information.

## 3. *Revenue and other income*

Revenue comprises fund management fee and wealth management services fee.

Other income mainly comprises interest income, gain on disposal of investments and bad debt recoveries.

## 4. *Taxation*

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong for the nine months and three months ended 30 September 2011. Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions.

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



## 5. Movements in reserves

	Share premium	Capital reserve	Capital redemption reserve	Employee share-based compensation reserve	Investment revaluation reserve	Foreign exchange reserve	Accumulated losses	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2011 (Audited)	108,221	271	77	6,903	191	-	(136,934)	(21,271)
Employee share-based compensation	-	-	-	112	-	-	-	112
Issue of rights shares, net of issue costs	(277)	-	-	-	-	-	-	(277)
Transactions with owners	(277)	-	-	112	-	-	-	(165)
Loss for the period	-	-	-	-	-	-	(1,281)	(1,281)
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	-	-	4	-	4
Available-for-sale investments	-	-	-	-	65	-	-	65
Surplus on revaluation	-	-	-	-	-	-	-	-
Recycle to income statement:								
Gain upon disposal	-	-	-	-	(15)	-	-	(15)
Total comprehensive income for the period	-	-	-	-	50	4	(1,281)	(1,227)
<b>At 30 September 2011 (Unaudited)</b>	<b>107,944</b>	<b>271</b>	<b>77</b>	<b>7,015</b>	<b>241</b>	<b>4</b>	<b>(138,215)</b>	<b>(22,663)</b>
At 1 January 2010 (Audited)	106,444	4,872	77	11,973	318	(13)	(138,369)	(14,698)
Issue of new shares	1,033	-	-	-	-	-	-	1,033
Employee share-based compensation	-	-	-	464	-	-	-	464
Lapse of share options	-	-	-	(4,063)	-	-	3,877	(186)
Effect on exercising share options of a subsidiary	-	-	-	(32)	-	-	-	(32)
Transactions with owners	1,033	-	-	(3,631)	-	-	3,877	1,279
Loss for the period	-	-	-	-	-	-	(6,670)	(6,670)
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	-	-	152	-	152
Available-for-sale investments	-	-	-	-	345	-	-	345
Surplus on revaluation	-	-	-	-	-	-	-	-
Recycle to income statement:								
Provision for impairment	-	-	-	-	5	-	-	5
Reversal of impairment	-	-	-	-	(79)	-	-	(79)
Gain upon disposal	-	-	-	-	(285)	-	-	(285)
Total comprehensive income for the period	-	-	-	-	(14)	152	(6,670)	(6,532)
At 30 September 2010 (Unaudited)	107,477	4,872	77	8,342	304	139	(141,162)	(19,951)



## 6. Discontinued operations

	Unaudited Nine months ended 30 September		Unaudited Three months ended 30 September	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Revenue</b>	-	85	-	-
Cost of sales	-	(124)	-	-
<b>Gross loss</b>	-	(39)	-	-
Gain on financial assets at fair value through profit or loss	-	115	-	124
Other income	-	434	-	57
Administrative expenses				
Restructuring credit/(expenses)	-	23	-	(92)
Other administrative expenses	-	(3,668)	-	(463)
Other operating expenses	-	(3,645)	-	(555)
	-	(1,002)	-	(123)
<b>Loss from operations</b>	-	(4,137)	-	(497)
Finance costs	-	(53)	-	(14)
<b>Loss before taxation</b>	-	(4,190)	-	(511)
Taxation	-	-	-	-
<b>Loss for the period</b>	-	(4,190)	-	(511)

## 7. Loss per share attributable to owners of the Company

### (a) Basic loss per share

Basic loss per share is calculated by dividing consolidated loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Nine months ended 30 September		Unaudited Three months ended 30 September	
	2011	2010	2011	2010
	(US\$'000)		(Restated)	
Consolidated loss attributable to owners of the Company				
Continuing operations	(1,281)	(2,498)	(1,042)	(1,523)
Discontinued operations	-	(4,172)	-	(363)
	<b>(1,281)</b>	<b>(6,670)</b>	<b>(1,042)</b>	<b>(1,886)</b>
(Number)		(Restated)		(Restated)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<b>52,114,804</b>	33,069,704	<b>58,125,195</b>	34,568,669
(US cents)		(Restated)		(Restated)
Basic loss per share				
Continuing operations	(2.46)	(7.55)	(1.79)	(4.41)
Discontinued operations	-	(12.62)	-	(1.05)
	<b>(2.46)</b>	<b>(20.17)</b>	<b>(1.79)</b>	<b>(5.46)</b>

The comparative figures for the basic loss per share for the nine months and the three months ended 30 September 2010 are restated to take into effect the Company's share consolidation and rights issue completed during the quarter under review retrospectively as if they had taken place since the beginning of the respective comparative periods.

### (b) Diluted loss per share

No diluted loss per share are shown for the nine months and three months ended 30 September 2011 and 30 September 2010 as the outstanding share options, convertible bonds and warrants are anti-dilutive or have no dilutive effect.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2011 (nine months ended 30 September 2010: Nil).

## DISCLOSURE OF INTERESTS

### (a) Directors

As at 30 September 2011, 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 %
Ulric Leung Yuk Lun	3,411,000	-	-	3,411,000	3.48
Johnny Chan Kok Chung (Note)	1,892,532	47,773	-	1,940,305	1.98
Joseph Tong Tze Kay	50,000	-	-	50,000	0.05
Daniel Yen Tzu Chen	20,000	-	-	20,000	0.02

*Note:*

Yuda Udomritthiruj was beneficially interested in 47,773 ordinary shares. Yuda Udomritthiruj, an employee of a subsidiary of the Company, is the wife of Johnny Chan Kok Chung and, accordingly, he is deemed to have interests in her shares.

**(ii) Interests in the redeemable convertible preference shares ("RCPS") of the Company**

Name of Directors	Personal interest	Family interest	Corporate interest	Aggregate long position in RCPS of the Company	Percentage which the aggregate long position in RCPS represents to the total RCPS of the Company in issue %
Ulric Leung Yuk Lun	850,000	-	-	850,000 <i>(Note 1)</i>	8.48
Johnny Chan Kok Chung	188,500	-	-	188,500 <i>(Note 2)</i>	1.88

*Notes:*

1. Mr. Ulric Leung Yuk Lun owns 850,000 RCPS of the Company which can be convertible into 10,780,487 ordinary shares at the initial conversion price of HK\$1.23 per share upon conversion, representing 10.99% of the total ordinary share capital of the Company in issue.
2. Mr. Johnny Chan Kok Chung owns 188,500 RCPS of the Company which can be convertible into 2,390,731 ordinary shares at the initial conversion price of HK\$1.23 per share upon conversion, representing 2.44% of the total ordinary share capital of the Company in issue.

### (iii) Interests in the underlying shares of the Company

The interests in the underlying shares of the Company arise from outstanding share options granted to the Directors under the Company's Share Option Scheme and the outstanding convertible bonds due 2015 which is held by a Director, details of which are provided below:

#### (a) Outstanding options

Name of Directors	Date of grant	Exercise price HK\$	Exercise period	Balance as at 1 January 2011	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance as at 30 September 2011
Johnny Chan Kok Chung	26 April 2006	57.054	26 April 2007 to 25 April 2016	809,756	-	-	-	809,756
	11 February 2008	13.337	11 February 2009 to 10 February 2018	404,888	-	-	-	404,888
	7 October 2010	1.171	7 October 2011 to 6 October 2020	377,886	-	-	-	377,886
				1,592,530	-	-	-	1,592,530
Jeffrey Lau Chun Hung	7 October 2010	1.171	7 October 2011 to 6 October 2020	404,878	-	-	-	404,878
Ulric Leung Yuk Lun	7 October 2010	1.171	7 October 2011 to 6 October 2020	202,439	-	-	-	202,439
Ahmad S. Al-Khaled	24 March 2006	57.054	24 March 2007 to 23 March 2016	67,479	-	-	-	67,479
	29 January 2007	27.045	29 January 2008 to 28 January 2017	33,739	-	-	-	33,739
	11 February 2008	13.337	11 February 2009 to 10 February 2018	67,479	-	-	-	67,479
	29 December 2008	1.334	29 December 2009 to 28 December 2018	67,479	-	-	-	67,479
				236,176	-	-	-	236,176
Daniel Yen Tzu Chen	24 March 2006	57.054	24 March 2007 to 23 March 2016	67,479	-	-	-	67,479
	29 January 2007	27.045	29 January 2008 to 28 January 2017	33,739	-	-	-	33,739
	11 February 2008	13.337	11 February 2009 to 10 February 2018	67,479	-	-	-	67,479
	29 December 2008	1.334	29 December 2009 to 28 December 2018	67,479	-	-	-	67,479
				236,176	-	-	-	236,176
Joseph Tong Tze Kay	24 March 2006	57.054	24 March 2007 to 23 March 2016	67,479	-	-	-	67,479
	29 January 2007	27.045	29 January 2008 to 28 January 2017	33,739	-	-	-	33,739
	11 February 2008	13.337	11 February 2009 to 10 February 2018	67,479	-	-	-	67,479
	29 December 2008	1.334	29 December 2009 to 28 December 2018	67,479	-	-	-	67,479
				236,176	-	-	-	236,176

*Note:* The exercise prices per outstanding options and the number of shares to be allotted and issued attaching to the instruments incorporated the adjustments as a result of the issue of rights shares and took effect from 14 September 2011.

(b) Outstanding convertible bonds

Name of Director	Conversion price	Aggregate long position in underlying shares of the Company	Percentage which the aggregate long position in underlying shares of the Company represents to the total ordinary share capital of the Company in issue %
Ulric Leung Yuk Lun	HK\$1.27	3,937,007	4.01

*Note:* Following the reset of conversion price to HK\$0.93 per share on 4 October 2011, 5,376,344 shares will be allotted and issued upon full conversion of the outstanding convertible bonds, representing 5.48% of the total ordinary share capital of the Company in issue.

**(iv) Short positions**

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

Save as disclosed above, as at 30 September 2011, 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) Substantial Shareholders and Other Persons**

As at 30 September 2011, the following persons, other than the Directors or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

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

<b>Name</b>	<b>Aggregate long position in ordinary shares</b>	<b>Aggregate long position in underlying shares of the Company</b>	<b>The total long position in ordinary shares and underlying shares to the total ordinary share capital of the Company in issue %</b>
<b>Substantial Shareholders</b>			
Nelson Tang Yu Ming (Notes 1 and 2)	26,000,000	83,059,837	111.15
Crosby Management Holdings Limited (Note 1)	26,000,000	82,439,024	110.52
Hidy Investment Limited (Note 3)	3,000,000	89,039,754	93.80
Sodikin (Note 3)	3,000,000	89,039,754	93.80
Main Wealth Enterprises Limited (Note 4)	1,500,000	33,070,866	35.23
Lau Kit Mei (Note 4)	1,500,000	33,070,866	35.23
Greyhound International Limited (Note 5)	–	33,521,264	34.16
Wu Ting Fai, James (Note 5)	–	33,521,264	34.16
Sun Hung Kai Strategic Capital Limited ("SHK Strategic") (Note 6)	–	11,811,023	12.04
Shipsape Investments Limited ("Shipsape") (Note 6)	–	11,811,023	12.04
Sun Hung Kai & Co. Limited ("SHK & Co.") (Note 7)	–	11,811,023	12.04
AP Emerald Limited ("AP Emerald") (Note 7)	–	11,811,023	12.04
AP Jade Limited ("AP Jade") (Note 7)	–	11,811,023	12.04
Allied Properties (H.K.) Limited ("APL") (Note 7)	–	11,811,023	12.04
Allied Group Limited ("AGL") (Note 7)	–	11,811,023	12.04
Lee Seng Huang (Note 8)	–	11,811,023	12.04
Lee Seng Hui (Note 8)	–	11,811,023	12.04
Lee Su Hwei (Note 8)	–	11,811,023	12.04
<b>Other Person</b>			
Ng Chun Fai Frank (Note 9)	–	5,714,250	5.82

Notes:

1. Crosby Management Holdings Limited ("Crosby Management") held 26,000,000 ordinary shares of the Company. Crosby Management is beneficially owned as 96.7% by Nelson Tang Yu Ming who is entitled to exercise more than 30% of the voting power at the general meetings of Crosby Management and, accordingly, he is deemed to be interested in 26,000,000 ordinary shares owned by Crosby Management. Crosby Management also owns 6,500,000 RCPS which can be converted into 82,439,024 ordinary shares at initial conversion price of HK\$1.23 upon full conversion.
2. Nelson Tang Yu Ming was granted options on 7 October 2010 and 620,813 underlying shares will be allotted and issued upon exercise of the subscription rights at an adjusted exercise price of HK\$1.171 per share as a result of rights issue with effect from 14 September 2011.
3. Hidy Investment Limited held 3,000,000 ordinary shares and 750,000 RCPS of the Company. Following the adjustment of conversion price to HK\$1.27 per share as a result of rights issue with effect from 14 September 2011, Hidy Investment Limited owns 89,039,754 underlying shares, out of which 79,527,559 will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$101,000,000; and 9,512,195 underlying shares will be allotted and issued upon conversion of 750,000 RCPS at an initial conversion price of HK\$1.23. Sodikin is deemed to be interested in these shares through his 100% interests in Hidy Investment Limited.

Following the reset of the conversion price to HK\$0.93 per share on 4 October 2011, 108,602,150 shares will be allotted and issued upon full conversion of the outstanding convertible bonds, increasing its aggregate interest from 93.80% to 123.44% of the total ordinary share capital of the Company in issue.

4. Main Wealth Enterprises Limited owns 34,570,866 underlying shares, out of which 33,070,866 will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$42,000,000 at the adjusted conversion price of HK\$1.27 per share as a result of rights issue with effect from 14 September 2011; and 1,500,000 ordinary shares were allotted and issued as a result of its exercise of the subscription rights attached to certain warrants of the Company. Lau Kit Mei is deemed to be interested in these shares through her 100% interests in Main Wealth Enterprises Limited.

Following the reset of the conversion price to HK\$0.93 per share on 4 October 2011, 45,161,290 shares will be allotted and issued upon full conversion of the outstanding convertible bonds, increasing its aggregate interest from 35.23% to 47.56% of the total ordinary share capital of the Company in issue.

5. Greyhound International Limited owns 33,521,264 underlying shares, out of which 31,496,062 will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$40,000,000 at the adjusted conversion price of HK\$1.27 per share as a result of rights issue with effect from 14 September 2011; and 2,025,202 ordinary shares will be allotted and issued upon its exercise of the subscription rights attached to certain warrants of the Company at the adjusted exercise price of HK\$1.111 per share. Wu Ting Fai, James is deemed to be interested in these shares through his 100% interests in Greyhound International Limited.

Following the reset of the conversion price to HK\$0.93 per share on 4 October 2011, 43,010,752 shares will be allotted and issued upon full conversion of the outstanding convertible bonds, increasing its aggregate interest from 34.16% to 45.90% of the total ordinary share capital of the Company in issue.

6. SHK Strategic is a wholly-owned subsidiary of Shipshape which in turn is wholly owned by SHK & Co. Therefore SHK & Co. and Shipshape are deemed to have an interest in the underlying shares in which SHK Strategic is interested. SHK Strategic owns the outstanding convertible bonds for a principal sum of HK\$15,000,000 convertible into 11,811,023 underlying shares at the adjusted conversion price of HK\$1.27 per share as a result of rights issue with effect from 14 September 2011.

Following the reset of the conversion price to HK\$0.93 per share on 4 October 2011, 16,129,032 shares will be allotted and issued upon full conversion of the outstanding convertible bonds, increasing its aggregate interest from 12.04% to 16.44% of the total ordinary share capital of the Company in issue.



7. SHK & Co. is a 53.16% owned subsidiary of AP Emerald. AP Emerald is wholly owned by AP Jade which in turn is a wholly owned subsidiary of APL. APL is a 72.34% owned subsidiary of AGL. Accordingly, AGL, APL, AP Jade and AP Emerald are deemed to have an interest in the underlying shares in which SHK & Co. is interested.
8. Lee Su Hwei, Lee Seng Huang and Lee Seng Hui are trustees of Lee and Lee Trust ("LLT") which owns 54.44% interests in AGL. Accordingly, Lee Su Hwei, Lee Seng Huang, Lee Seng Hui and LLT are deemed to have an interest in the said underlying shares in which AGL is interested.
9. Ng Chun Fai Frank owns 5,714,250 underlying shares, out of which 5,511,811 shares will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$7,000,000 at the adjusted conversion price of HK\$1.27 per share as a result of rights issue with effect from 14 September 2011; and 202,439 underlying shares will be allotted and issued upon exercise of the subscription rights attached to the options of the Company granted on 7 October 2010 at the adjusted exercise price of HK\$1.171 per share.

Following the reset of the conversion price to HK\$0.93 per share on 4 October 2011, 7,526,881 shares will be allotted and issued upon full conversion of the outstanding convertible bonds, increasing his aggregate interest from 5.82% to 7.88% of the total ordinary share capital of the Company in issue.

### **(ii) Short positions**

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

Save as disclosed above, as at 30 September 2011, the Directors of the Company were not aware of any other person who had or deemed to have interests or short position in the Shares and Underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at 30 September 2011, no other person had interests which were recorded in the register required to be kept under section 336 of the SFO.

### **(c) Share Options**

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

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

- (a) the first 30% of the options between the first and tenth anniversary of the date of grant;
- (b) the next 30% of the options between the second and tenth anniversary of the date of grant; and
- (c) the remaining options between the third and tenth anniversary of the date of grant.

As at 30 September 2011, options to subscribe for an aggregate of 5,868,028 shares granted pursuant to the Share Option Scheme were outstanding. Details of which were as follows:

Date of grant	Exercise price HK\$	Exercise period	Number of Share Options				Balance as at 30 September 2011
			Balance as at 1 January 2011	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	
27 March 2002	5.216	27 March 2003 to 26 March 2012	4,048	-	-	-	4,048
24 March 2006	57.054	24 March 2007 to 23 March 2016	269,916	-	-	-	269,916
26 April 2006	57.054	26 April 2007 to 25 April 2016	1,619,512	-	-	-	1,619,512
29 January 2007	27.045	29 January 2008 to 28 January 2017	134,956	-	-	-	134,956
11 February 2008	13.337	11 February 2009 to 10 February 2018	1,045,941	-	-	-	1,045,941
29 December 2008	1.334	29 December 2009 to 28 December 2018	269,916	-	-	-	269,916
7 October 2010	1.171	7 October 2011 to 6 October 2020	2,523,739	-	-	-	2,523,739
			5,868,028	-	-	-	5,868,028

*Note:* The exercise prices per outstanding options and the number of shares to be allotted and issued attaching to the instruments incorporated the adjustments as a result of the issue of rights shares and took effect from 14 September 2011.

#### (d) Competing Interests

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

## AUDIT COMMITTEE

The Company established an audit committee on 31 March 2000 with the written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises three independent non-executive directors, Messrs. Joseph Tong Tze Kay, Daniel Yen Tzu Chen and David John Robinson Herratt. The primary duties of the audit committee are to review and supervise the Company's financial reporting process and internal control systems.

The audit committee meets at least quarterly with the most recent meeting held on 10 November 2011. The unaudited consolidated financial information of the Company for the nine months ended 30 September 2011 has been reviewed by the audit committee.

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

The Company has not redeemed any of its shares during the nine months ended 30 September 2011 and 30 September 2010. Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the nine months ended 30 September 2011 and 30 September 2010.

By Order of the Board  
**CROSBY CAPITAL LIMITED**  
**Johnny Chan Kok Chung**  
*Executive Director*

Hong Kong, 10 November 2011

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

*Executive Directors:* Johnny Chan Kok Chung, Ulric Leung Yuk Lun  
and Jeffrey Lau Chun Hung

*Non-Executive Director:* Ahmad S. Al-Khaled

*Independent Non-Executive Directors:* Daniel Yen Tzu Chen, Joseph Tong Tze Kay  
and David John Robinson Herratt