



**CROSBY**  
Capital Limited **2012**  
1st quarterly report  
For the three months ended 31 March

**CROSBY**  
CAPITAL LIMITED

Stock Code: 8088

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

**GEM has been 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 Crosby Capital Limited 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 Crosby Capital Limited. The directors of Crosby Capital Limited, 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 has continued to focus our resources to further strengthen and grow the Group’s asset management businesses, both organically and through acquisitions when the appropriate opportunities arise and to control our costs.

After the restructuring of the Group to reduce the loss arising from its merchant banking business and refocus its resources on its asset management businesses and the acquisition of Shikumen Capital Management (HK) Limited (“Shikumen”) in year 2010, the Group intended to utilize its resources more efficiently to expand its existing business and invest in new investment business so as to strengthen the Group’s income base and financial position. The Group also intended to increase its assets under management in different asset classes either by organically expanding its existing fund and wealth management businesses, launching new investment funds under its management or via acquisitions of other asset management firms.

Our asset management activities now revolve around our long established Asian based business with Crosby in Hong Kong managing various Greater China focused private equity funds, as well as the newly added hedge fund and private equity fund management businesses under Shikumen. One notable achievement was the commencement of the fund raising exercise for BlackPine Private Equity Partners Fund, a new private equity fund managed by Shikumen, and at the same time combining the expertise of the personnel of both Shikumen and Crosby, led to an initial closing of US\$80 million in January 2011. BlackPine Private Equity Partners Fund has since commenced investment activities and started to contribute fee income to the Group.

With the completion of the rights issue in September 2011, the Group intended to utilize its resources, including part of the net proceeds from the rights issue, to invest in funds and participate in co-investments managed by the Group, amongst others. The above strategy was realized when the Group signed a subscription agreement in March 2012 to invest HK\$20 million in a note issued by Silver Pointer Limited, a wholly-owned subsidiary of Shikumen Special Situations Fund (“SSSF”) established to pursue private equity investments as permitted under the investment mandate of SSSF, an investment fund managed by Shikumen.

We also continued to provide wealth management services through Crosby Wealth Management (Hong Kong) Limited. We also implemented new measures to expand its capital and continue to lower the fixed costs of the wealth management operation.

The Group reported a loss attributable to owners for the period under review of US\$2.7 million as compared to a loss of US\$1.8 million for the same period last year. Excluding loss on financial liabilities at fair value through profit or loss of US\$0.7 million for the quarter under review (2011: a profit of US\$0.2 million), the loss attributable to owners for the period under review was reduced to US\$2.0 million (2011: a loss of US\$2.0 million). Revenue decreased to US\$0.7 million for the period under review when compared to US\$0.9 million for same period last year. Total operating expenses (being other administrative expenses plus other operating expenses) for the period under review were slightly decreased to US\$2.0 million as compared to those of US\$2.1 million for same period last year.

## UNAUDITED CONSOLIDATED INCOME STATEMENT

The board of directors (the "Board") of the Company is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2012 (the "Review Period"), together with the comparative unaudited figures of the corresponding period in 2011, as follows:

	Notes	(Unaudited) Three Months Ended 31 March	
		2012 US\$'000	2011 US\$'000
<b>Revenue</b>	3	<b>708</b>	884
Cost of sales		<b>(150)</b>	(109)
<b>Gross profit</b>		<b>558</b>	775
Loss on financial assets at fair value through profit or loss		<b>(7)</b>	(11)
(Loss)/Gain on financial liabilities at fair value through profit or loss		<b>(672)</b>	153
Other income	3	<b>22</b>	94
Administrative expenses			
Amortisation of intangible assets		<b>(201)</b>	(201)
Other administrative expenses		<b>(1,807)</b>	(2,032)
Other operating expenses		<b>(2,008)</b>	(2,233)
		<b>(148)</b>	(61)
<b>Loss from operations</b>		<b>(2,255)</b>	(1,283)
Finance costs		<b>(657)</b>	(534)
Share of profit of a jointly controlled entity		<b>18</b>	51
<b>Loss before taxation</b>		<b>(2,894)</b>	(1,766)
Taxation	4	<b>-</b>	(199)
<b>Loss for the period</b>		<b>(2,894)</b>	(1,965)
<b>Attributable to:</b>			
Owners of the Company		<b>(2,737)</b>	(1,800)
Non-controlling interests		<b>(157)</b>	(165)
<b>Loss for the period</b>		<b>(2,894)</b>	(1,965)
<b>Loss per share attributable to owners of the Company during the period</b>	6	<b>US cents</b>	US cents (Restated)
Basic		<b>(2.79)</b>	(3.67)
Diluted		<b>N/A</b>	N/A

## UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) Three Months Ended 31 March	
	2012 US\$'000	2011 US\$'000
<b>Loss for the period</b>	<b>(2,894)</b>	(1,965)
<b>Other comprehensive income:</b>		
Available-for-sale investments		
(Deficit)/Surplus on revaluation	<b>(2)</b>	7
Exchange differences on translating a foreign operation	<b>2</b>	–
Other comprehensive income for the period, net of tax	<b>–</b>	7
<b>Total comprehensive income for the period, before and net of tax</b>	<b>(2,894)</b>	(1,958)
<b>Attributable to:</b>		
Owners of the Company	<b>(2,737)</b>	(1,793)
Non-controlling interests	<b>(157)</b>	(165)
<b>Total comprehensive income for the period, before and net of tax</b>	<b>(2,894)</b>	(1,958)

## NOTES TO THE UNAUDITED CONSOLIDATED INCOME STATEMENT

### 1. BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 21 February 2000 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and, its principal place of business is Unit 502, 5th Floor, AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong. The Company's shares have been listed on The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 April 2000.

The Company acts as the holding company of the Group. The Group is principally engaged in the businesses of asset management and direct investment.

The unaudited consolidated financial information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board (the "IASB") and all applicable individual International Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by IASB. The unaudited consolidated financial information also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

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

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 2011 ("2011 Annual Report").

This consolidated financial information for the three months ended 31 March 2012 is unaudited but has 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 2011 Annual Report, which has 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 2011 Annual Report.

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 and bad debt recoveries.

### 4. TAXATION

No Hong Kong profits tax has been provided for the three months ended 31 March 2012 as the Group did not make any assessable profit for the period.

Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the three months ended 31 March 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 US\$'000	Capital reserve US\$'000	Capital redemption reserve US\$'000	Employee share-based compensation reserve US\$'000	Investment revaluation reserve US\$'000	Foreign exchange reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
At 1 January 2012 (Audited)	107,943	271	77	7,034	237	4	(143,228)	(27,662)
Employee share-based compensation	-	-	-	25	-	-	-	25
Transactions with owners	-	-	-	25	-	-	-	25
Loss for the period	-	-	-	-	-	-	(2,737)	(2,737)
Other comprehensive income:								
Available-for-sale investments Deficit on revaluation	-	-	-	-	(2)	-	-	(2)
Exchange differences on translating a foreign operation	-	-	-	-	-	2	-	2
Total comprehensive income for the period	-	-	-	-	(2)	2	(2,737)	(2,737)
<b>At 31 March 2012 (Unaudited)</b>	<b>107,943</b>	<b>271</b>	<b>77</b>	<b>7,059</b>	<b>235</b>	<b>6</b>	<b>(145,965)</b>	<b>(30,374)</b>
At 1 January 2011 (Audited)	108,221	271	77	6,903	191	-	(136,934)	(21,271)
Employee share-based compensation	-	-	-	48	-	-	-	48
Transactions with owners	-	-	-	48	-	-	-	48
Loss for the period	-	-	-	-	-	-	(1,800)	(1,800)
Other comprehensive income:								
Available-for-sale investments Surplus on revaluation	-	-	-	-	7	-	-	7
Total comprehensive income for the period	-	-	-	-	7	-	(1,800)	(1,793)
At 31 March 2011 (Unaudited)	108,221	271	77	6,951	198	-	(138,734)	(23,016)

## 6. 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) Three Months Ended 31 March	
	2012	2011
(US\$'000)		
Consolidated loss attributable to owners of the Company	<b>(2,737)</b>	(1,800)
(Number)		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<b>98,119,596</b>	49,059,798 (Restated)
(US cents per share)		
Basic loss per share	<b>(2.79)</b>	(3.67) (Restated)

The comparative figure for the basic loss per share for the three months ended 31 March 2011 is restated to take into effect the Company's share consolidation and rights issue completed during the year ended 31 December 2011 retrospectively as if they had taken place since the beginning of the comparative period.

### (b) *Diluted loss per share*

No diluted loss per share for the three months ended 31 March 2012 and 31 March 2011 are shown, as the outstanding share options, convertible bonds, warrants and redeemable convertible preference shares are anti-dilutive or have no dilutive effect.



## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2012 and 31 March 2011.

## DISCLOSURE OF INTERESTS

### (a) DIRECTORS

As at 31 March 2012, 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 (Note 1)	8.48
Johnny Chan Kok Chung	188,500	-	-	188,500 (Note 2)	1.88

Notes:

1. Mr. Ulric Leung Yuk Lun owns 850,000 RCPS of the Company which can be convertible into 11,142,857 ordinary shares at the conversion price of HK\$1.19 per share reset on 14 March 2012 upon full conversion, representing 11.36% 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 2,471,092 ordinary shares at the conversion price of HK\$1.19 per share reset on 14 March 2012 upon full conversion, representing 2.52% 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 (dd/mm/yyyy)	Exercise price HK\$	Exercise period (dd/mm/yyyy)	Balance as at 1 January 2012	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance as at 31 March 2012
Johnny Chan Kok Chung	26/04/2006	57.054	26/04/2007 to 25/04/2016	809,756	-	-	-	809,756
	11/02/2008	13.337	11/02/2009 to 10/02/2018	404,888	-	-	-	404,888
	07/10/2010	1.171	07/10/2011 to 06/10/2020	377,886	-	-	-	377,886
	16/03/2012	1.206	16/03/2013 to 15/03/2022	-	580,000	-	-	580,000
				1,592,530	580,000	-	-	2,172,530
Jeffrey Lau Chun Hung	07/10/2010	1.171	07/10/2011 to 06/10/2020	404,878	-	-	-	404,878
	16/03/2012	1.206	16/03/2013 to 15/03/2022	-	580,000	-	-	580,000
				404,878	580,000	-	-	984,878
Ulric Leung Yuk Lun	07/10/2010	1.171	07/10/2011 to 06/10/2020	202,439	-	-	-	202,439
	16/03/2012	1.206	16/03/2013 to 15/03/2022	-	580,000	-	-	580,000
				202,439	580,000	-	-	782,439
Ahmad S. Al-Khaled	24/03/2006	57.054	24/03/2007 to 23/03/2016	67,479	-	-	-	67,479
	29/01/2007	27.045	29/01/2008 to 28/01/2017	33,739	-	-	-	33,739
	11/02/2008	13.337	11/02/2009 to 10/02/2018	67,479	-	-	-	67,479
	29/12/2008	1.334	29/12/2009 to 28/12/2018	67,479	-	-	-	67,479
	16/03/2012	1.206	16/03/2013 to 15/03/2022	-	170,000	-	-	170,000
				236,176	170,000	-	-	406,176
Daniel Yen Tzu Chen	24/03/2006	57.054	24/03/2007 to 23/03/2016	67,479	-	-	-	67,479
	29/01/2007	27.045	29/01/2008 to 28/01/2017	33,739	-	-	-	33,739
	11/02/2008	13.337	11/02/2009 to 10/02/2018	67,479	-	-	-	67,479
	29/12/2008	1.334	29/12/2009 to 28/12/2018	67,479	-	-	-	67,479
	16/03/2012	1.206	16/03/2013 to 15/03/2022	-	170,000	-	-	170,000
				236,176	170,000	-	-	406,176
Joseph Tong Tze Kay	24/03/2006	57.054	24/03/2007 to 23/03/2016	67,479	-	-	-	67,479
	29/01/2007	27.045	29/01/2008 to 28/01/2017	33,739	-	-	-	33,739
	11/02/2008	13.337	11/02/2009 to 10/02/2018	67,479	-	-	-	67,479
	29/12/2008	1.334	29/12/2009 to 28/12/2018	67,479	-	-	-	67,479
	16/03/2012	1.206	16/03/2013 to 15/03/2022	-	170,000	-	-	170,000
				236,176	170,000	-	-	406,176
David John Robinson Herratt	16/03/2012	1.206	16/03/2013 to 15/03/2022	-	170,000	-	-	170,000

*(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\$0.93	5,376,344	5.48

Note: Mr. Ulric Leung Yuk Lun owns convertible bonds for a principal sum of HK\$5,000,000 which can be converted into 5,376,344 ordinary shares at conversion price of HK\$0.93 per share upon full conversion.

**(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 31 March 2012, 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 31 March 2012, 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**

Name	Aggregate long position in ordinary shares	Aggregate long position in underlying shares of the Company	The total long position in ordinary shares and underlying shares to the total ordinary share capital of the Company in issue %
<b>Substantial Shareholders</b>			
Hidy Investment Limited (Note 1)	3,000,000	118,434,082	123.76
Sodikin (Note 1)	3,000,000	118,434,082	123.76
Nelson Tang Yu Ming (Notes 2 and 3)	29,344,000	86,810,897	118.38
Crosby Management Holdings Limited (Note 2)	29,344,000	85,210,084	116.75
Main Wealth Enterprises Limited (Note 4)	900,000	45,161,290	46.94
Lau Kit Mei (Note 4)	900,000	45,161,290	46.94
Greyhound International Limited (Note 5)	–	45,035,954	45.90
James Wu Ting Fai (Note 5)	–	45,035,954	45.90
Wilson Lau Yu Fung (Note 6)	–	16,129,032	16.44
<b>Other Persons</b>			
Simon Wu Siu Fai (Note 7)	7,648,800	1,257,176	9.08
Frank Ng Chun Fai (Note 8)	–	8,149,320	8.31

Notes:

- Hidy Investment Limited (“Hidy Investment”) held 3,000,000 ordinary shares and 750,000 RCPS of the Company. Hidy Investment also owns 118,434,082 underlying shares, out of which 108,602,150 ordinary shares will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$101,000,000 at conversion price of HK\$0.93 per share; and 9,831,932 ordinary shares will be allotted and issued upon full conversion of 750,000 RCPS at conversion price of HK\$1.19 per share reset on 14 March 2012. Sodikin is deemed to be interested in these shares through his 100% interests in Hidy Investment.
- Crosby Management Holdings Limited (“Crosby Management”) held 29,344,000 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 29,344,000 ordinary shares owned by Crosby Management. Crosby Management also owns 6,500,000 RCPS which can be converted into 85,210,084 ordinary shares at conversion price of HK\$1.19 per share reset on 14 March 2012 upon full conversion.

3. Nelson Tang Yu Ming was granted 620,813 options at an exercise price of HK\$1.171 per share and 980,000 options at an exercise price of HK\$1.206 per share to subscribe for shares of the Company on 7 October 2010 and 16 March 2012 respectively.
4. Main Wealth Enterprises Limited ("Main Wealth") owns 900,000 ordinary shares of the Company and 45,161,290 underlying shares, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$42,000,000 at conversion price of HK\$0.93 per share. Lau Kit Mei is deemed to be interested in these shares through her 100% interests in Main Wealth.

Subsequent to 31 March 2012, 21,505,376 ordinary shares of the Company were allotted and issued upon conversion of the outstanding convertible bonds for a principal sum of HK\$20,000,000 by Main Wealth on 16 April 2012.

5. Greyhound International Limited owns 45,035,954 underlying shares, out of which 43,010,752 ordinary shares will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$40,000,000 at conversion price of HK\$0.93 per share; 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. James Wu Ting Fai is deemed to be interested in these shares through his 100% interests in Greyhound International Limited.
6. Wilson Lau Yu Fung owns the outstanding convertible bonds for a principal sum of HK\$15,000,000 which can be convertible into 16,129,032 ordinary shares at conversion price to HK\$0.93 per share upon full conversion.

Subsequent to 31 March 2012, 16,129,032 ordinary shares of the Company were allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$15,000,000 by Wilson Lau Yu Fung on 16 April 2012 and following the disposal of 7,000,000 ordinary shares on 24 April 2012, his interest was reduced to 9,129,032 ordinary shares, representing 6.75% of the total ordinary share capital of the Company in issue.

7. Simon Wu Siu Fai owns 7,648,800 ordinary shares and 95,900 RCPS of the Company, of which 1,257,176 ordinary shares will be allotted and issued upon full conversion of the outstanding RCPS at conversion price of HK\$1.19 per share reset on 14 March 2012.
8. Frank Ng Chun Fai owns 8,149,320 underlying shares, out of which 7,526,881 ordinary shares will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$7,000,000 at conversion price of HK\$0.93 per share. Frank Ng Chun Fai was also granted 202,439 options at an exercise price of HK\$1.171 per share and 420,000 options at an exercise price of HK\$1.206 per share to subscribe for ordinary shares of the Company on 7 October 2010 and 16 March 2012 respectively.

**(ii) Short positions**

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

Save as disclosed above, as at 31 March 2012, the Directors of the Company were not aware of any other person who had an interest or short position in the Shares and Underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at 31 March 2012, 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.

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

Date of grant (dd/mm/yyyy)	Exercise price HK\$	Exercise period (dd/mm/yyyy)	Number of Share Options				
			Balance as at 1 January 2012	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Balance as at 31 March 2012
27/03/2002	5.216	27/03/2003 to 26/03/2012	4,048	-	-	(4,048)	-
24/03/2006	57.054	24/03/2007 to 23/03/2016	269,916	-	-	-	269,916
26/04/2006	57.054	26/04/2007 to 25/04/2016	1,619,512	-	-	-	1,619,512
29/01/2007	27.045	29/01/2008 to 28/01/2017	134,956	-	-	-	134,956
11/02/2008	13.337	11/02/2009 to 10/02/2018	1,045,941	-	-	-	1,045,941
29/12/2008	1.334	29/12/2009 to 28/12/2018	269,916	-	-	-	269,916
07/10/2010	1.171	07/10/2011 to 06/10/2020	2,523,739	-	-	-	2,523,739
16/03/2012	1.206	16/03/2013 to 15/03/2022	-	4,905,000	-	-	4,905,000
			5,868,028	4,905,000	-	(4,048)	10,768,980

4,048 options were lapsed upon expiry of the life of the options during the three months ended 31 March 2012.

No options granted under the Share Option Scheme had been exercised during the three months ended 31 March 2012.

**(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 11 May 2012. The unaudited consolidated financial information of the Company for the three months ended 31 March 2012 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 three months ended 31 March 2012 and 31 March 2011. Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the three months ended 31 March 2012 and 31 March 2011.

By Order of the Board  
**CROSBY CAPITAL LIMITED**  
**Ulric Leung Yuk Lun**  
*Executive Director*

Hong Kong, 11 May 2012

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

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

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

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