



CROSBY

Capital Limited

Stock Code: 8088

3rd Quarterly Report

2013

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.

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

This report, for which the directors of 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 principally engaged in the businesses of asset management.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has continued to focus its resources on the development of the Group’s asset management businesses and on the cost control. The Group intends to increase its assets under management in different asset classes either by organically expanding its existing asset management businesses, launching new investment funds under its management or by collaboration with other fund managers, or via the commencement or acquisition of new financial services businesses complementary to the Group’s businesses, including but not limited to asset management businesses.

Our asset management activities comprise mainly fund management businesses under Shikumen. BlackPine Private Equity Partners Fund, a private equity fund managed by Shikumen, which has commenced investment activities and contributed fee income to the Group since its launch in early 2011 and accomplished a subsequent closing with further committed funding from overseas institutional investors in July 2012.

The Group reported a loss attributable to owners of the Company for the nine months under review of US\$6.5 million as compared to that of US\$4.0 million for the corresponding period last year, losses of US\$5.7 million and US\$3.8 million of which are from continuing operations respectively. Excluding loss on financial liabilities at fair value through profit or loss of US\$1.5 million for the nine months under review (2012: gain of US\$1.5 million), the loss attributable to owners from the continuing operations for the nine months under review was US\$4.2 million (2012: US\$5.3 million).

Revenue from continuing operations decreased to US\$1.3 million for the nine months under review from that of US\$1.6 million for the corresponding period last year. Total operating expenses (being other administrative expenses plus other operating expenses) from continuing operations for the nine months under review were US\$4.0 million which is slightly reduced as compared to that of US\$4.1 million for the corresponding 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 nine months and three months ended 30 September 2013 (the "Review Periods"), together with the comparative unaudited figures of the corresponding periods in 2012, as follows:

	Notes	Unaudited Nine months ended 30 September (Restated)		Unaudited Three months ended 30 September (Restated)	
		2013 US\$'000	2012 US\$'000	2013 US\$'000	2012 US\$'000
Continuing operations					
Revenue	3	1,291	1,610	360	632
Cost of sales		92	(446)	(28)	(150)
Gross profit		1,383	1,164	332	482
(Loss)/Gain on financial liabilities at fair value through profit or loss		(1,504)	1,541	(2,219)	(2,866)
Other income	3	303	74	(2)	29
Administrative expenses					
Amortisation of intangible assets		-	(569)	-	(165)
Other administrative expenses		(3,763)	(3,773)	(1,216)	(1,275)
		(3,763)	(4,342)	(1,216)	(1,440)
Other operating expenses		(195)	(333)	(36)	(95)
Loss from operations		(3,776)	(1,896)	(3,141)	(3,890)
Finance costs		(1,939)	(1,866)	(661)	(600)
Loss before taxation		(5,715)	(3,762)	(3,802)	(4,490)
Taxation	4	(8)	-	-	-
Loss for the period from continuing operations		(5,723)	(3,762)	(3,802)	(4,490)
Discontinued operations					
Loss for the period from discontinued operations	6	(841)	(538)	(132)	(178)
Loss for the period		(6,564)	(4,300)	(3,934)	(4,668)

	Note	Unaudited Nine months ended 30 September (Restated)		Unaudited Three months ended 30 September (Restated)	
		2013	2012	2013	2012
		US\$'000	US\$'000	US\$'000	US\$'000
Attributable to:					
Owners of the Company					
Loss for the period from continuing operations		(5,723)	(3,762)	(3,802)	(4,490)
Loss for the period from discontinued operations		(771)	(261)	(131)	(83)
		(6,494)	(4,023)	(3,933)	(4,573)
Non-controlling interests					
Loss for the period from continuing operations		-	-	-	-
Loss for the period from discontinued operations		(70)	(277)	(1)	(95)
Loss for the period		(6,564)	(4,300)	(3,934)	(4,668)
Loss per share attributable to owners of the Company	7	US cents	(Restated) US cents	US cents	(Restated) US cents
Basic					
Continuing operations		(4.15)	(3.09)	(2.76)	(3.26)
Discontinued operations		(0.56)	(0.21)	(0.10)	(0.06)
		(4.71)	(3.30)	(2.86)	(3.32)
Diluted					
Continuing operations		N/A	N/A	N/A	N/A
Discontinued operations		N/A	N/A	N/A	N/A
		N/A	N/A	N/A	N/A

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months and three months ended 30 September 2013

	Unaudited Nine months ended 30 September (Restated)		Unaudited Three months ended 30 September (Restated)	
	2013	2012	2013	2012
	US\$'000	US\$'000	US\$'000	US\$'000
Loss for the period	(6,564)	(4,300)	(3,934)	(4,668)
Other comprehensive income:				
Exchange differences on translating foreign operations	19	1	4	(1)
Available-for-sale investments				
Reclassification adjustment upon disposal of subsidiaries	(218)	–	–	–
Deficit on revaluation	(7)	(10)	(2)	–
Other comprehensive income for the period, net of tax	(206)	(9)	2	(1)
Total comprehensive income for the period, before and net of tax	(6,770)	(4,309)	(3,932)	(4,669)
Attributable to:				
Owners of the Company	(6,700)	(4,032)	(3,931)	(4,574)
Non-controlling interests	(70)	(277)	(1)	(95)
Total comprehensive income for the period, before and net of tax	(6,770)	(4,309)	(3,932)	(4,669)

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. Following the signing of the agreement to sell to Mr. Ulric Leung Yuk Lun, a former director of the Company, certain assets (the "Sale Assets") and the Group's interests in Crosby Asset Management (Holdings) Limited and Crosby Investments (BVI) Limited (the "Disposal Groups") on 27 September 2013, the Sale Assets and the assets and liabilities attributable to the Disposal Groups have been reclassified as disposal groups held for sale and discontinued operations. Those businesses disposed of during the previous quarters for the current year, as detailed in note 6 to the unaudited consolidated financial information, and the comparative figures were re-presented as discontinued operations. Wealth management business, which ceased business on 28 September 2012 and has been resolved to put into voluntary liquidation during the period as consistent with that disclosed in the Company's annual audited consolidated financial statements for the year ended 31 December 2012 ("2012 Annual Report"). Details of these discontinued operations are set out in note 6 to the unaudited consolidated financial information.

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.

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 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 2012 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.

This consolidated financial information for the nine months ended 30 September 2013 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 2012 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 2012 Annual Report except for the following additional accounting policy adopted by the Group as set out below:

Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed of during the period are included in profit or loss up to the date of disposal.

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 – CONTINUING OPERATIONS

Revenue from continuing operations comprises fund management fee.

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

4. TAXATION – CONTINUING OPERATIONS

Taxation for the nine months ended 30 September 2013 represents under-provision of Hong Kong profits tax provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong in prior year.

No Hong Kong profits tax has been provided for the nine months ended 30 September 2012 as the Group did not make any assessable profit for the period.

No recognition of potential deferred tax assets relating to tax losses of the Group has been made as the recoverability of the potential deferred 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 2013 (Audited)	438	271	77	4,430	218	6	(24,431)	(18,991)
Employee share-based compensation	-	-	-	223	-	-	-	223
Lapse of share options	-	-	-	(35)	-	-	35	-
Transactions with owners	-	-	-	188	-	-	35	223
Loss for the period	-	-	-	-	-	-	(6,494)	(6,494)
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	-	-	19	-	19
Available-for-sale investments								
Reclassification adjustment upon disposal of subsidiaries	-	-	-	-	(218)	-	-	(218)
Deficit on revaluation	-	-	-	-	(7)	-	-	(7)
Total comprehensive income for the period	-	-	-	-	(225)	19	(6,494)	(6,700)
At 30 September 2013 (Unaudited)	438	271	77	4,618	(7)	25	(30,890)	(25,468)
At 1 January 2012 (Audited)	107,943	271	77	7,034	237	4	(143,228)	(27,662)
Employee share-based compensation	-	-	-	180	-	-	-	180
Lapse of share options	-	-	-	(166)	-	-	166	-
Issue of shares upon conversion of bonds	696	-	-	-	-	-	-	696
Capital reduction	(108,639)	-	-	-	-	-	120,857	12,218
Issue of shares upon exercise of warrants	438	-	-	-	-	-	-	438
Transactions with owners	(107,505)	-	-	14	-	-	121,023	13,532
Loss for the period	-	-	-	-	-	-	(4,023)	(4,023)
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	-	-	1	-	1
Available-for-sale investments								
Deficit on revaluation	-	-	-	-	(10)	-	-	(10)
Total comprehensive income for the period	-	-	-	-	(10)	1	(4,023)	(4,032)
At 30 September 2012 (Unaudited)	438	271	77	7,048	227	5	(26,228)	(18,162)

6. DISCONTINUED OPERATIONS

	Unaudited Nine months ended 30 September (Restated)		Unaudited Three months ended 30 September (Restated)	
	2013	2012	2013	2012
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	26	387	-	68
Cost of sales	-	(2)	-	-
Gross profit	26	385	-	68
Loss on financial assets at fair value through profit or loss	(5)	(14)	-	(8)
Other income	42	210	-	77
Administrative expenses	(641)	(1,155)	(4)	(334)
Other operating expenses	(294)	(125)	(128)	(35)
Loss from operations	(872)	(699)	(132)	(232)
Finance costs	(3)	(2)	-	-
Share of profit of a jointly controlled entity	34	163	-	54
Loss before taxation	(841)	(538)	(132)	(178)
Taxation	-	-	-	-
Loss for the period	(841)	(538)	(132)	(178)

The discontinued operations comprise the following businesses:

- On 27 September 2013, the Group entered into a disposal agreement with Mr. Ulric Leung Yuk Lun, a former director of the Company, to sell the Sale Assets and the Disposal Groups to him for cash consideration of HK\$2,200,000 (approximately US\$282,051) and HK\$2,181,408 (approximately US\$279,667) respectively (the "Disposal"). The Disposal will be completed on or before 31 October 2013;
- On 13 June 2013, the Group disposed to Crosby Management Holdings Limited, which is 96.7% owned by a director of Shikumen Capital Management (HK) Limited, a wholly owned subsidiary of the Company, its entire interests in Crosby Securities Limited and Steeple Capital Limited;
- On 26 June 2013, the Group disposed to companies beneficially owned by Mr. Johnny Chan Kok Chung, a former director of the Company, its entire interests in Crosby Asset Management (Asia) Limited and its subsidiaries (including JAIC-CROSBY Investment Management Company Limited, a jointly controlled entity of the Company), techpacific.com (BVI) Investments Limited and techpacific.com Investments Limited and its subsidiary; and
- Wealth management business was ceased on 28 September 2012 and has been resolved to be put into voluntary liquidation, as consistent with the comparative figures for corresponding period last year.

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 (Restated)		Unaudited Three months ended 30 September (Restated)	
	2013	2012	2013	2012
(US\$'000)				
Consolidated loss attributable to owners of the Company				
Continuing operations	(5,723)	(3,762)	(3,802)	(4,490)
Discontinued operations	(771)	(261)	(131)	(83)
	(6,494)	(4,023)	(3,933)	(4,573)
(Number)				
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	137,779,206	122,022,527	137,779,206	137,779,206
(US cents)		(Restated)		(Restated)
Basic loss per share				
Continuing operations	(4.15)	(3.09)	(2.76)	(3.26)
Discontinued operations	(0.56)	(0.21)	(0.10)	(0.06)
	(4.71)	(3.30)	(2.86)	(3.32)

(b) Diluted loss per share

No diluted loss per share for the nine months and three months ended 30 September 2013 and 30 September 2012 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 nine months ended 30 September 2013 (nine months ended 30 September 2012: Nil).

DISCLOSURE OF INTERESTS

(a) DIRECTORS

As at 30 September 2013, 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 Director	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 %
Clive Ng Cheang Neng (Note)	-	-	3,300,000	3,300,000	2.40

Note: Fortune Builder Limited ("Fortune Builder") owns 3,300,000 ordinary shares of the Company. The entire issued share capital of Fortune Builder is beneficially wholly owned by Mr. Clive Ng Cheang Neng, the Chairman and Executive Director of the Company. Accordingly, he is deemed to be interested in these shares through his 100% interests in Fortune Builder.

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

Name of Director	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 %
Clive Ng Cheang Neng (Note)	-	-	895,900	895,900	8.94

Note: Fortune Builder Limited (“Fortune Builder”) owns 895,900 RCPS of the Company, which can be convertible into 17,043,951 ordinary shares at conversion price of HK\$0.82 per share (reset on 14 September 2013) upon full conversion, representing 12.37% of the total ordinary share capital of the Company in issue. The entire issued share capital of Fortune Builder is beneficially wholly owned by Mr. Clive Ng Cheang Neng, the Chairman and Executive Director of the Company. Accordingly, he is deemed to be interested in these shares through his 100% interests in Fortune Builder.

(iii) **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 2013, 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 2013, 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 %
Substantial Shareholders			
Able Supreme Management Limited (Note 1)	25,305,925	142,050,137	121.47
Billion Pine International Limited (Note 1)	25,305,925	142,050,137	121.47
Hu Yin (Note 1)	25,305,925	142,050,137	121.47
Main Wealth Enterprises Limited (Note 2)	28,466,576	46,153,846	54.16
Proven Bravo Limited (Note 2)	28,466,576	46,153,846	54.16
Feng Yuantao (Note 2)	28,466,576	46,153,846	54.16
Yang Shengrong (Note 3)	21,000,000	17,948,717	28.27
Legend Vantage Limited (Note 4)	6,592,000	51,282,051	42.00
Li Guangrong (Note 4)	6,592,000	51,282,051	42.00
Platinum Century Limited (Note 5)	5,700,000	16,832,394	16.35
Tam Yuk Ching Jenny (Note 5)	5,700,000	16,832,394	16.35
Fortune Builder Limited (Note 6)	3,300,000	17,043,951	14.76
Clive Ng Cheang Neng (Note 6)	3,300,000	17,043,951	14.76
Wu Yiu Fai	7,640,000	–	5.50
Other Persons			
Greyhound International Limited (Note 7)	–	51,282,051	37.22
James Wu Ting Fai (Note 7)	–	51,282,051	37.22
Unlimited Creativity Holdings Limited (Note 8)	–	24,358,974	17.68

Notes:

1. Able Supreme Management Limited ("Able Supreme") held 25,305,925 ordinary shares and 6,388,500 RCPS of the Company. Able Supreme also owns 142,050,137 underlying shares, out of which 20,512,820 ordinary shares will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$16,000,000 at conversion price of HK\$0.78 per share (reset on 4 April 2013); and 121,537,317 ordinary shares will be allotted and issued upon full conversion of 6,388,500 RCPS at conversion price of HK\$0.82 per share (reset on 14 September 2013). The entire issued share capital of Able Supreme is held by Billion Pine International Limited, which in turn is beneficially wholly owned by Mr. Hu Yin. Accordingly, he is deemed to be interested in these shares through his 100% indirect interests in Able Supreme.
2. Main Wealth Enterprises Limited ("Main Wealth") owns 28,466,576 ordinary shares of the Company and 46,153,846 underlying shares, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$36,000,000 at conversion price of HK\$0.78 per share (reset on 4 April 2013). The entire issued share capital of Main Wealth is held by Proven Bravo Limited, which in turn is beneficially wholly owned by Mr. Feng Yuantao. Accordingly, he is deemed to be interested in these shares through his 100% indirect interests in Main Wealth.
3. Ms. Yang Shengrong owns 21,000,000 ordinary shares of the Company and 17,948,717 underlying shares, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$14,000,000 at conversion price of HK\$0.78 per share (reset on 4 April 2013).
4. Legend Vantage Limited ("Legend Vantage") owns 6,592,000 ordinary shares of the Company and 51,282,051 underlying shares, which 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\$0.78 per share (reset on 4 April 2013). Mr. Li Guangrong is deemed to be interested in these shares through his 100% interests in Legend Vantage.
5. Platinum Century Limited ("Platinum Century") owns 5,700,000 ordinary shares and 750,000 RCPS of the Company. Platinum Century also owns 16,832,394 underlying shares, out of which 2,564,102 ordinary shares will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$2,000,000 at conversion price of HK\$0.78 per share (reset on 4 April 2013); and 14,268,292 ordinary shares will be allotted and issued upon full conversion of 750,000 RCPS at conversion price of HK\$0.82 per share (reset on 14 September 2013). Ms. Tam Yuk Ching Jenny is deemed to be interested in these shares through her 100% interests in Platinum Century.
6. Fortune Builder Limited ("Fortune Builder") owns 3,300,000 ordinary shares and 895,900 RCPS of the Company which can be convertible into 17,043,951 ordinary shares at conversion price of HK\$0.82 per share (reset on 14 September 2013) upon full conversion. Mr. Clive Ng Cheang Neng, the Chairman and Executive Director of the Company is deemed to be interested in these shares through his 100% interests in Fortune Builder.
7. Greyhound International Limited ("Greyhound International") owns 51,282,051 underlying shares which 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\$0.78 per share (reset on 4 April 2013). Mr. James Wu Ting Fai is deemed to be interested in these shares through his 100% interests in Greyhound International.
8. Unlimited Creativity Holdings Limited owns 24,358,974 underlying shares which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$19,000,000 at conversion price of HK\$0.78 per share (reset on 4 April 2013).

(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 2013, 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 30 September 2013, 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 2013	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance as at 30 September 2013
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	809,756	-	-	-	809,756
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	708,543	-	-	-	708,543
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	-	-	(202,439)	2,321,300
16/03/2012	1.206	16/03/2013 to 15/03/2022	4,905,000	-	-	(580,000)	4,325,000
14/05/2012	1.136	14/05/2013 to 13/05/2022	980,000	-	-	-	980,000
			10,601,826	-	-	(782,439)	9,819,387

782,439 options were lapsed upon termination of employment during the nine months ended 30 September 2013.

No option granted under the Share Option Scheme had been exercised during the nine months ended 30 September 2013.

(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. Yuen Kwok On, Shi Jinsheng and Sin Hendrick. 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 7 November 2013. The unaudited consolidated financial information of the Company for the nine months ended 30 September 2013 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 2013 and 30 September 2012. 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 2013 and 30 September 2012.

By Order of the Board
CROSBY CAPITAL LIMITED
Clive Ng Cheang Neng
Chairman and Executive Director

Hong Kong, 7 November 2013

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

Executive Directors: Liu Guang He, Clive Ng Cheang Neng,
Stephen Shiu Junior and Nelson Tong Naiyi

Independent Non-Executive Directors: Shi Jinsheng, Sin Hendrick and Yuen Kwok On