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

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

CROSBY

CROSBY CAPITAL LIMITED
(高誠資本有限公司)*

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

(1) MAJOR TRANSACTION – ACQUISITION OF PROPERTY;
(2) EXPANSION OF THE USE OF PROCEEDS OF TRANCHE 2 NEW BONDS;
(3) CONNECTED TRANSACTION – AMENDMENT OF THE TERMS OF THE NEW BONDS;
(4) REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES; AND
(5) PROPOSED CHANGE OF AUDITORS

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

VEDA | CAPITAL
智 略 資 本

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

The EGM to be held at 18th Floor, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong at 2:30 p.m. on Friday, 7 January 2011. The notice of EGM, is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use thereat is also enclosed. Whether or not you are able to attend and vote at the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company at 18th Floor, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the meeting or any adjournment thereof (as the case may be), should you so wish.

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

* *For identification purpose only*

13 December 2010

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

"Acquisition"	the acquisition of the Property pursuant to the Provisional Agreement
"Adjusted Conversion Price"	the effective Conversion Price of the New Bonds as reset from time to time pursuant to the terms and conditions of the New Bonds
"Amendment"	proposed amendment to the terms of both Tranche 1 New Bonds and Tranche 2 New Bonds
"Board"	the board of Directors
"CAM"	Crosby Asset Management Inc., a company incorporated in the Cayman Islands with limited liability
"Company"	Crosby Capital Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
"connected person(s)"	has the meaning ascribed to it in the GEM Listing Rules
"Conversion Price"	HK$0.18 per Share (subject to adjustment and re-set)
"Deposit"	HK$7,400,000 of the consideration of the Acquisition paid by the Purchaser on 12 November 2010
"Directors"	directors of the Company
"EGM"	an extraordinary general meeting of the Company to be convened to approve (i) the Acquisition; (ii) expansion of the use of proceeds of Tranche 2 New Bonds; (iii) the Amendment; (iv) refreshment of General Mandate to issue and allot Shares; and (v) proposed change of auditors
"Further Deposit"	HK$3,700,000 of the consideration of the Acquisition to be paid by the Purchaser on or before 24 December 2010
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"General Mandate"	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 7 May 2010 to allot, issue and deal up to 20% of the then issued share capital of the Company as at that date
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"Independent Board Committee"	an independent committee of the Board established by the Board to advise the Independent Shareholders in respect of (i) the Amendment and (ii) the refreshment of General Mandate by granting of the Issue Mandate
"Independent Shareholders"	Independent Shareholders for the Amendment or Independent Shareholders for the refreshment of General Mandate, as the case may be
"Independent Shareholders for the Amendment"	Shareholders other than Mr. Ulric Leung Yuk Lun and his respective associates (as defined under the GEM Listing Rules)
"Independent Shareholders for the refreshment of General Mandate"	Shareholders other than Mr. Johnny Chan Kok Chung, Mr. Ulric Leung Yuk Lun, Mr. Ahmad S. Al-Khaled and their respective associates (as defined under the GEM Listing Rules)
"Issue Mandate"	the general mandate proposed to be sought at the EGM to authorize the Directors to allot, issue and deal with the Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM
"Latest Practicable Date"	8 December 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"New Bonds"	Tranche 1 New Bonds and Tranche 2 New Bonds
"New Bonds Circular"	the circular of the Company dated 26 July 2010 in relation to, among others, the acquisition of Shikumen and the placing of the New Bonds
"Placing Agent"	has the meaning ascribed to it in the New Bonds Circular
"Property"	an office unit located at Unit 502, 5th Floor, AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong
"Provisional Agreement"	the provisional sale and purchase agreement entered into between the Purchaser and the Vendor on 12 November 2010 in relation to the Acquisition
"Purchaser"	Crosby Capital (Hong Kong) Limited, a wholly-owned subsidiary of the Company incorporated in Hong Kong
"Residual Consideration"	HK$66,600,000 of the consideration of the Acquisition payable at completion of the Acquisition
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of US$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)

"Shikumen"	Shikumen Capital Management (HK) Limited, a wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tranche 1 New Bonds"	the first tranche of the convertible bonds issued on 4 October 2010 by the Company with an aggregate principal amount of HK$160 million
"Tranche 2 New Bonds"	the second tranche of the convertible bonds to be issued by the Company with an aggregate principal amount of HK$90 million as set out in the New Bonds Circular
"Veda Capital"	Veda Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of (i) the Amendment and (ii) the refreshment of General Mandate by granting the Issue Mandate
"Vendor"	Online Business Investment Limited, a company incorporated in the British Virgin Islands
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"US$"	United States dollars, the lawful currency of the United States
"sq. ft."	square feet
"%"	per cent.

Note:

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

CROSBY

CROSBY CAPITAL LIMITED
(高誠資本有限公司)*

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

Executive Directors:
Johnny Chan Kok Chung
Ulric Leung Yuk Lun

Non-executive Director:
Ahmad S. Al-Khaled

Independent non-executive Directors:
Daniel Yen Tzu Chen
Joseph Tong Tze Kay
David John Robinson Herratt

Registered office:
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P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

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

13 December 2010

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

Dear Sir or Madam,

(1) MAJOR TRANSACTION – ACQUISITION OF PROPERTY; (2) EXPANSION OF THE USE OF PROCEEDS OF TRANCHE 2 NEW BONDS; (3) CONNECTED TRANSACTION – AMENDMENT OF THE TERMS OF THE NEW BONDS; (4) REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES; AND (5) PROPOSED CHANGE OF AUDITORS

INTRODUCTION

Reference is made to the announcement of the Company dated 12 November 2010 in relation to, inter alia, the acquisition of the Property, the expansion of the use of proceeds of Tranche 2 New Bonds, and amendment of the terms of both Tranche 1 New Bonds and Tranche 2 New Bonds.

The purpose of this circular is to provide you with, among others, (i) further details in relation to the Acquisition, the expansion of the use of proceeds of Tranche 2 New Bonds, the Amendment, refreshment of General Mandate to issue and allot Shares and proposed change of auditors; (ii) the recommendation from the Independent Board Committee; (iii) the letter of advice from Veda Capital; (iv) the valuation report on the Property; and (v) the notice of the EGM.

(1) THE PROVISIONAL AGREEMENT DATED 12 NOVEMBER 2010

Parties

Purchaser:	Crosby Capital (Hong Kong) Limited, a wholly-owned subsidiary of the Company
Vendor:	Online Business Investment Limited

* *For identification purpose only*

The Vendor is a company principally engaged in property investment.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

Property to be acquired

The Property is an office unit located at Unit 502 on the 5th floor of AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong with an aggregate gross floor area of approximately 6,660 sq. ft. The Property is for commercial use and is currently vacant. The Group currently intends to use it for its own office in due course.

The Property was estimated to be approximately HK$74,000,000 as at 12 November 2010 by Jones Lang LaSalle Sallmanns Limited, in which the valuation report is set out in Appendix II to this circular.

Consideration and terms of payment

The consideration for the Acquisition is HK$74,000,000 which was determined after arm's length negotiations between the parties to the Provisional Agreement in normal commercial terms after taking into consideration the prevailing market value of properties of comparable size and quality in the vicinity of the Property.

The consideration for the Acquisition has been and will be paid in the following manners:

(i) HK$7,400,000 has been paid upon signing of the Provisional Agreement on 12 November 2010 (the "Deposit");

(ii) HK$3,700,000 will be paid on or before 24 December 2010 (the "Further Deposit"); and

(iii) HK$62,900,000 will be paid upon completion of the Acquisition on or before 31 March 2011 (together with the Further Deposit, the "Residual Consideration").

The Deposit has been financed by the Group's internal resources and the Residual Consideration is expected to be financed by proceeds from Tranche 2 New Bonds. The Group may also seek to obtain other external financings, including but not limited to banking facilities, on the Property in due course.

Conditions of the Provisional Agreement

The Provisional Agreement is conditional upon the Company having obtained all necessary regulatory and Shareholders' approval in relation to the Acquisition.

Completion of the Acquisition

Pursuant to the Provisional Agreement, a formal agreement for sale and purchase will be signed on or before 24 December 2010. If Shareholders' approval on the Acquisition is obtained at the EGM, completion of the Acquisition is expected to take place on or before 31 March 2011. However, if approval is not obtained from Shareholders such that completion of the Acquisition cannot proceed on or before 31 March 2011, the Purchaser shall forfeit the Deposit to the Vendor. The Further Deposit, if paid already, shall be refundable.

Reasons for and benefits of the Acquisition

The Group is principally engaged in the businesses of asset management and direct investment. After completion of the acquisition of Shikumen, the Group has focused on integrating the operation of Shikumen with that of the rest of the Group. As Shikumen is currently located in an office different from the Group's headquarters, the Group is planning for a new office which will house all the Group's operations after the expiry of its current office leases.

The Directors consider the Acquisition as an opportunity to obtain a more long-term office premise for the Group at a relatively favorable pricing which will protect the Group from being subject to future rental fluctuations. Prior to the expiration of the Group's existing office leases and the relocation of its headquarters to the Property, the Group may seek to lease out the Property in the interim to generate rental income for the Group.

The Directors, including the independent non-executive Directors, consider the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Financial effects of the Acquisition

Upon completion, the consideration for the Acquisition of HK$74,000,000 will be paid to the Vendor in full, which will be funded by internal resources and proceeds from Tranche 2 New Bonds (or other external financings, including but not limited to banking facilities, if applicable). Following the Acquisition, the leasehold properties of the Group is expected to increase by HK$74,000,000 for the consideration; and the net asset value of the Group is expected to remain unchanged as the increase in leasehold properties will be offset by the decrease in cash and cash equivalents of the Group. Further, as mentioned in the paragraph "Reasons for and benefits of the Acquisition" above, there may have rental income for the Group as the Group may seek to lease out the Property in the interim to generate rental income for the Group prior to the expiration of the Group's existing office leases and the relocation of its headquarters to the Property.

Trading and financial prospects of the Group

The Acquisition will protect the Group from being subject to future rental fluctuations. Following the completion of the acquisition of Shikumen on 13 September 2010, revenue of the Group increased to US$1.4 million for the 3rd quarter 2010 from US$0.5 million for the 2nd quarter 2010 though decreased to US$2.4 million for the nine months ended 30 September 2010 when compared to US$2.7 million for the same period in 2009. The Group will continue to constrain costs during the period and will continue to be engaged in its businesses of asset management and direct investment. After the completion of the Acquisition, which will be funded by internal resources and proceeds from Tranche 2 New Bonds (or other external financings, including but not limited to banking facilities, if applicable), the Directors expect that the Group's financial position shall remain solid following the Acquisition.

(2) EXPANSION OF THE USE OF PROCEEDS OF TRANCHE 2 NEW BONDS

As disclosed in the New Bonds Circular, the net proceeds of approximately HK$86 million from Tranche 2 New Bonds will be used mainly for general working capital, in particular for the expansion and development of the asset management business after the acquisition of Shikumen. The Acquisition is intended by the Directors to consolidate the Group's resources together with that of Shikumen so as to achieve better operational efficiency in the development of the Group's business. However, the circular did not specifically mention the acquisition of office premise for the enlarged Group's business. As using proceeds from Tranche 2 New Bonds to pay for the Residual Consideration may constitute an expansion of the use of proceeds of Tranche 2 New Bonds as disclosed in the New Bonds Circular, the Company will seek approval from the Shareholders by way of an ordinary resolution at the EGM to expand the use of proceeds of Tranche 2 New Bonds to include the above purpose.

(3) AMENDMENT OF THE TERMS OF THE NEW BONDS

The Directors propose to amend the following terms of the New Bonds regarding the reset of the Conversion Price as below:

(i) Original wording in the New Bonds Circular:

Conversion Price reset:	At the end of the 6-month period from the date of issuance of the New Bonds and at the end of every 6-month period thereafter, the Conversion Price shall be adjusted to 110% of the one-month volume weighted average price of the ordinary shares of the Company prior to the date of each reset date, subject to a floor Conversion Price of HK$0.078 per Share

(ii) Proposed amendment of the terms in relation to the New Bonds:

Conversion Price reset: At the end of the 6-month period from the date of issuance of **Tranche 1** New Bonds and at the end of every 6-month period thereafter, the Conversion Price shall be adjusted to 110% of the one-month volume weighted average price of the ordinary shares of the Company prior to the date of each reset date, subject to a floor Conversion Price of HK$0.078 per Share **and provided that the Conversion Price shall not in any event be higher than the lower of: (i) HK$0.18 per Share; and (ii) the previous Adjusted Conversion Price reset pursuant to this clause from time to time.**

After discussing with the Placing Agent, the Directors are of the view that such amendment of the terms is necessary to attract investors to subscribe for Tranche 2 New Bonds, the completion of which is required for the Group to pay for the Residual Consideration of the Acquisition. Since the placees of Tranche 1 New Bonds subscribed on the basis that the terms of Tranche 1 New Bonds and Tranche 2 New Bonds are the same, as originally contemplated in the New Bonds Circular, the Directors propose to amend the terms of the New Bonds (including Tranche 1 New Bonds and Tranche 2 New Bonds) as set out above. The Company will seek approval from the Independent Shareholders for the Amendment by way of an ordinary resolution at the EGM to amend the above terms of the New Bonds.

As at the Latest Practicable Date, Mr. Ulric Leung Yuk Lun, an executive Director, is interested in HK$5,000,000 of the Tranche 1 New Bonds, representing 3.13% of the outstanding Tranche 1 New Bonds. Article 103 (1)(iv) of the Company provided that a director does not need to abstain from board meeting if any contract or arrangement in which the director is interested in the same manner as other holders of the shares or debentures or other securities of the Company by virtue of his interest in the shares or debentures or other securities of the Company. As Mr. Ulric Leung Yuk Lun's interests in the Tranche 1 New Bonds are in the same manner as other holders of the Tranche 1 New Bonds, he has not abstained from voting in the resolution for passing the Amendment in the Board meeting despite of his interest in the Tranche 1 New Bonds. As Mr. Ulric Leung Yuk Lun is deemed to have material interest in the Amendment by virtue of his 3.13% interest in the outstanding Tranche 1 New Bonds according to the GEM Listing Rules, he and his associates shall abstain from voting in favour of the resolution relating to the amendment of the terms of the New Bonds at the EGM.

The Directors, including the independent non-executive Directors, consider the Amendment and the expansion of the use of proceeds of Tranche 2 New Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(4) REFRESHMENT OF GENERAL MANDATE

At the annual general meeting of the Company held on 7 May 2010, the Shareholders have passed, among others, ordinary resolution to grant the Directors the General Mandate to issue, allot and otherwise deal with a maximum of 66,119,596 Shares, representing 20% of the total nominal amount of the share capital of the Company in issue on the date of passing such resolution.

From the date of the granting of the General Mandate up to the Latest Practicable Date, the General Mandate had been utilised as to 60,000,000 Shares, representing substantial part of the aggregate number of Shares which may be issued and allotted under the General Mandate, in connection with issue of warrants from repurchasing all the outstanding of a US$75 million zero coupon convertible bonds of the Company due March 2011 issued in March 2006, the details of which has been disclosed in the Company's announcement dated 21 September 2010. The net proceeds raised from the utilisation of such mandate were estimated to be of approximately HK$8.9 million assuming exercise in full of the subscription rights attaching to the said warrants. No issue price was received by the Company upon issue of these warrants. As at the Latest Practicable Date, 50% of the subscription rights attaching to these warrants were exercised with 30,000,000 Shares were allotted and issued and gross proceeds of HK$4.5 million had been used as general working capital of the Group.

There has been no refreshment of General Mandate since the said annual general meeting. Accordingly, after the issue of the above shares, only 6,119,596 new Shares may be further issued and allotted under the General Mandate.

The Directors consider that it is in the interests of the Company and the Shareholders as a whole to grant the Issue Mandate by maintaining the financial flexibility to raise funds through the issue of new securities when deciding the source of finance for any acquisition opportunities that may arise in the future and for the purpose of raising general working capital of the Group.

Other than raising funds by way of issuing equity capital, the Directors consider other financing methods such as bank financing, debt financing and funding through internal resources in order to meet its financing requirements arising from future development of the Group and general working capital of the Group, depending on the then financial position, capital structure and cost of funding of the Group and the then market condition. Further, such alternatives may be subject to lengthy due diligence and negotiations with the banks and the Directors consider that debt financing would be relatively uncertain and time-consuming as compared to equity financing, such as placement of new Shares, for the Group to obtain additional funding. As for other forms of pro rata equity financing methods such as rights issue or open offer, most would result in substantial costs including but not limited to legal costs and underwriting commissions and the Company may not be able to procure favourable terms in commercial underwriting.

In light of the above, the Board considers the Issue Mandate to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group and is relatively less time consuming.

The Issue Mandate will, if granted, remain effective until the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and

(iii) the passing of an ordinary resolution by the Shareholder in general meeting revoking or varying the authority given to the Directors under the Issue Mandate.

Based on the 490,597,984 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued prior to the EGM, subject to the passing of the relevant ordinary resolution to approve the Issue Mandate at the EGM, the Directors will be authorized to allot and issue up to a limit of 98,119,596 Shares under the Issue Mandate.

(5) PROPOSED CHANGE OF AUDITORS

The Company received letters from Grant Thornton Hong Kong informing that they have merged their practice with that of BDO Limited and resigned as the Company's auditors with effect from 6 December 2010. The Directors consider it appropriate to appoint BDO Limited as auditors.

The Directors are of the opinion that the proposed change of auditors is in the best interests of the Company and the Shareholders and recommend Shareholders to vote in favour of the resolution relating to the proposed change of auditors.

GEM LISTING RULES IMPLICATION

Pursuant to Rule 19.22 of the GEM Listing Rules, the applicable percentage ratios of the Acquisition are more than 25% but less than 100%. Therefore, the Acquisition is a major transaction as defined under the GEM Listing Rules and its completion is subject to the passing of an ordinary resolution by the Shareholders at the EGM. As no Shareholder has any material interest in the Acquisition, no Shareholder is required to abstain from voting at the EGM in respect of the resolution(s) to approve the Acquisition.

The use of the proceeds from Tranche 2 New Bonds to pay for the Residual Consideration may constitute an expansion of the use of proceeds of Tranche 2 New Bonds as disclosed in the New Bonds Circular and therefore the Company will seek the Shareholder's approval for the same at the EGM.

The Amendment in relation to the reset of the Conversion Price also deviates from the terms of the New Bonds previously approved by the Shareholders in an extraordinary general meeting of the Company held on 10 August 2010.

Therefore, the Amendment shall also be subject to the passing of an ordinary resolution by the Independent Shareholders for the Amendment at the EGM. The Company will also apply for the Stock Exchange's approval for the Amendment pursuant to Rule 34.05 of the GEM Listing Rules.

Pursuant to Rule 17.42A of the GEM Listing Rules, any controlling Shareholders and their associates, or where there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution(s) regarding the Issue Mandate to be proposed at the EGM. As at the Latest Practicable Date, (i) Mr. Johnny Chan Kok Chung, an executive Director, is interested in 15,633,058 Shares, representing approximately 3.19% of the issued share capital of the Company and, among these 15,633,058 Shares, 477,738 Shares were held by Yuda Udomritthiruj, who is an employee of a subsidiary of the Company and the wife of Johnny Chan Kok Chung; and (ii) Mr. Ulric Leung Yuk Lun is interested in 17,000,000 Shares, representing approximately 3.47% of the issued share capital of the Company. In this regard, Mr. Johnny Chan Kok Chung, Mr. Ulric Leung Yuk Lun and their respective associates shall abstain from voting in favour of the relevant resolution(s) regarding the refreshment of General Mandate.

Save as disclosed above, at the Latest Practicable Date, there were no other Directors and their respective associates controlled or are entitled to exercise control over the voting rights in respect of the Shares and are required to abstain from voting in favour of the resolution for approving the proposed refreshment of the General Mandate at the EGM. The vote of the Independent Shareholders in respect of the refreshment of the General Mandate at the EGM will be taken by way of poll. As at the Latest Practicable Date, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates had indicated that they have no intention to vote against the resolution(s) regarding the refreshment of the General Mandate at the EGM.

Shareholders and potential investors should note that the completion of the Acquisition is subject to the passing of the various resolutions at the EGM. As the Acquisition may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

RECOMMENDATION

The Independent Board Committee has been established to advise the Independent Shareholders on whether the Amendment and the refreshment of the General Mandate to issue and allot Shares is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole. Veda Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this connection.

The text of the letter from Veda Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 19 of this circular and the text of the letter from the Independent Board Committee to the Independent Shareholders is set out on page 11 of this circular.

Independent Board Committee, having taken into account the advice of Veda Capital, is of the view that the Amendment and the refreshment of the General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Group and the Shareholders as a whole and recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

The Directors, including independent non-executive Directors, believe that the terms of the Provisional Agreement, the expansion of the use of proceeds of Tranche 2 New Bonds, the Amendment, the refreshment of the General Mandate and proposed change of auditors are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors, including independent non-executive Directors, recommend the Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

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

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

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the Amendment and the refreshment of the General Mandate to issue and allot Shares.

CROSBY

CROSBY CAPITAL LIMITED

(高誠資本有限公司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8088)

13 December 2010

To the Independent Shareholders

Dear Sir or Madam,

(1) CONNECTED TRANSACTION – AMENDMENT OF THE TERMS OF THE NEW BONDS; AND (2) REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES

We refer to the circular of the Company to the shareholders dated 13 December 2010 (the "Circular"), of which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the Amendment and the refreshment of the General Mandate to issue and allot Shares is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from Veda Capital as set out on pages 12 to 19 of the Circular and the letter from the Board as set out on pages 4 to 10 of the Circular.

Having considered, among others, the factors and reasons considered by, and the opinion of Veda Capital as stated in its letter of advice, we consider that the Amendment and the refreshment of the General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Amendment and the refreshment of the General Mandate to issue and allot Shares to be proposed at the EGM.

Yours faithfully,
For and on behalf of the Independent Board Committee
the Independent Non-executive Directors

Daniel Yen Tzu Chen **Joseph Tong Tze Kay** **David John Robinson Herratt**

* *For identification purpose only*

The following is the full text of the letter from Veda Capital setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Amendment and the refreshment of General Mandate, which has been prepared for the purpose of inclusion in this circular.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Suite 3214, 32/F, COSCO Tower
183 Queen's Road Central, Hong Kong

13 December 2010

To the Independent Board Committee and the Independent Shareholders of Crosby Capital Limited

Dear Sir or Madam,

(1) CONNECTED TRANSACTION – AMENDMENT OF THE TERMS OF THE NEW BONDS; AND (2) REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES

INTRODUCTION

We refer to the circular dated 13 December 2010 issued by the Company to the Shareholders of which this letter forms part (the "**Circular**") and our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Amendment and refreshment of General Mandate, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the Circular. Capitalised terms used in this letter, unless the context otherwise requires, shall have the same meanings ascribed to them in the Circular.

The Directors propose to amend the terms of the New Bonds (including Tranche 1 New Bonds and Tranche 2 New Bonds) as set out in the section headed "(3) AMENDMENT OF THE TERMS OF THE NEW BONDS" in the Board Letter. The Company will seek approval from the Independent Shareholders for the Amendment by way of an ordinary resolution at the EGM for the Amendment. As at the Latest Practicable Date, Mr. Ulric Leung Yuk Lun, an executive Director, is interested in HK$5,000,000 of the Tranche 1 New Bonds, representing 3.13% of the outstanding Tranche 1 New Bonds. As Mr. Ulric Leung Yuk Lun is deemed to have material interest in the Amendment by virtue of his 3.13% interest in the outstanding Tranche 1 New Bonds according to the GEM Listing Rules, he and his associates shall abstain from voting in favour of the resolution relating to the Amendment at the EGM.

Pursuant to Rule 17.42A of the GEM Listing Rules, the refreshment of General Mandate will be subject to the approval by the Independent Shareholders for the refreshment of General Mandate by way of poll at the EGM. Any controlling Shareholders and their respective associates, or where there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution to approve the refreshment of General Mandate. As at the Latest Practicable Date, (i) Mr. Johnny Chan Kok Chung, an executive Director, is interested in 15,633,058 Shares, representing approximately 3.19% of the issued share capital of the Company and, among these 15,633,058 Shares, 477,738 Shares were held by Ms. Yuda Udomritthiruj, who is an employee of a subsidiary of the Company and the wife of Mr. Johnny Chan Kok Chung; and (ii) Mr. Ulric Leung Yuk Lun is interested in 17,000,000 Shares, representing approximately 3.47% of the issued share capital of the Company. Accordingly, Mr. Johnny Chan Kok Chung, Mr. Ulric Leung Yuk Lun and their respective associates shall abstain from voting in favour of the relevant resolution approving the refreshment of General Mandate at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders for the Amendment in respect of the Amendment and the Independent Shareholders for the refreshment of General Mandate in respect of the refreshment of General Mandate. Veda Capital has been appointed by the Company to advise the Independent Board Committee, the Independent Shareholders as to (i) whether the terms of the Amendment are fair and reasonable so far as the Independent Shareholders for the Amendment are concerned; (ii) whether the Amendment is in the interests of the Company and the Independent Shareholders for the Amendment as a whole; (iii) whether the refreshment of General Mandate is fair and reasonable so far as the Independent Shareholders for the refreshment of General Mandate are concerned; (iv) whether the refreshment of General Mandate is in the interests of the Company and the Independent Shareholders for the refreshment of General Mandate as a whole; (v) whether the Independent Shareholders for the Amendment should vote in favour of the resolution to approve the Amendment; and (vi) whether the Independent Shareholders for the refreshment of General Mandate should vote in favour of the resolution to approve the refreshment of General Mandate.

BASIS OF OUR ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true at the date of the EGM.

We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and management of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Amendment and the refreshment of General Mandate, we have taken into consideration the following principal factors and reasons:

A. Financial information of the Group

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

(i) Financial year ended 31 December 2009

According to the annual report 2009 of the Company (the "**AR 2009**"), for the year ended 31 December 2009, the Group recorded revenue of approximately US$3.66 million (equivalent to approximately HK$28.55 million under the exchange rate of US$1.0 to HK$7.80), representing a decrease of approximately 89.08% from that for the year ended 31 December 2008 of approximately US$33.51 million (equivalent to approximately HK$261.38 million under the exchange rate of US$1.0 to HK$7.80). As set out in AR 2009, the decline in revenue was mainly due to the decrease in the service fees from all business segments following the financial crisis and the closure of Forsyth asset management business. The Group reported loss attributable to Shareholders of approximately US$16.04 million (equivalent to approximately HK$125.11 million under the exchange rate of US$1.0 to HK$7.80) for the year ended 31 December 2009, representing a decrease in loss of approximately 74.04% from that for the year ended 31 December 2008 of approximately US$61.79 million (equivalent to approximately HK$481.96 million under the exchange rate of

US$1.0 to HK$7.80). As advised by the Company, the decrease in loss was mainly attributable to the Group recorded gain of approximately US$3.07 million (equivalent to approximately HK$23.95 million under the exchange rate of US$1.0 to HK$7.80) on financial assets at fair value for the year ended 31 December 2009 whilst it recorded loss of approximately US$33.49 million (equivalent to approximately HK$261.22 million under the exchange rate of US$1.0 to HK$7.80) on financial assets at fair value for the year ended 31 December 2008.

As noted from AR 2009 that auditors of the Company, even though without qualifying its opinion, had expressed a material uncertainty concerning the going concern basis of the Group's accounts for the year 31 December 2009 due to the conditions that as at 31 December 2009, the Group's total liabilities exceeded its total assets by approximately US$10.50 million (equivalent to approximately HK$81.90 million under the exchange rate of US$1.0 to HK$7.80) and the Group also incurred a loss attributable to the owners of the Company of approximately US$16.04 million (equivalent to approximately HK$125.11 million under the exchange rate of US$1.0 to HK$7.80) for the year then ended (the "**Uncertainty Opinion**").

(ii) Nine months ended 30 September 2010

According to the third quarter report 2010 of the Company (the "**TQR 2010**") for the nine months ended 30 September 2010, the Group recorded revenue of approximately US$2.39 million (equivalent to approximately HK$18.64 million under the exchange rate of US$1.0 to HK$7.80), representing a decrease of approximately 12.77% from that for the nine months ended 30 September 2009 of approximately US$2.74 million (equivalent to approximately HK$21.37 million under the exchange rate of US$1.0 to HK$7.80). As advised by the Company, the reduction in revenue was mainly due to the decrease in the service fees from fund management and wealth management. The Group reported loss attributable to Shareholders of approximately US$6.67 million (equivalent to approximately HK$52.03 million under the exchange rate of US$1.0 to HK$7.80) for the nine months ended 30 September 2010, representing a decrease in loss of approximately 52.12% from that for the nine months ended 30 September 2009 of approximately US$13.93 million (equivalent to approximately HK$108.65 million under the exchange rate of US$1.0 to HK$7.80). As advised by the Company, the decrease in loss was mainly due to decrease in administrative expense, impairment of available-for-sale investments and impairment of loan receivable.

B. The Amendment

Background of and reasons for the Amendment

The Directors propose to amend the following terms of the New Bonds regarding the reset of the Conversion Price as below:

(i) Original wording in the New Bonds Circular:

Conversion Price reset:	At the end of the 6-month period from the date of issuance of the New Bonds and at the end of every 6-month period thereafter, the Conversion Price shall be adjusted to 110% of the one-month volume weighted average price of the ordinary shares of the Company prior to the date of each reset date, subject to a floor Conversion Price of HK$0.078 per Share

(ii) Proposed amendment of the terms in relation to the New Bonds:

Conversion Price reset:	At the end of the 6-month period from the date of issuance of **Tranche 1** New Bonds and at the end of every 6-month period thereafter, the Conversion Price shall be adjusted to 110% of the one-month volume weighted average price of the ordinary shares of the Company prior to the date of each reset date (the "**Variable Conversion Price**"), subject to a floor Conversion Price of HK$0.078 per Share **and provided that the Conversion Price shall not in any event be higher than the lower of: (i) HK$0.18 per Share (the "Fixed Conversion Price"); and (ii) the previous Adjusted Conversion Price reset pursuant to this clause from time to time (the "Downward Adjustment").**

As set out in the Board Letter, after discussing with the Placing Agent, the Directors are of the view that such amendment of the terms is necessary to attract investors to subscribe for Tranche 2 New Bonds, the completion of which is required for the Group to pay for the Residual Consideration of the Acquisition. Since the placees of Tranche 1 New Bonds subscribed on the basis that the terms of Tranche 1 New Bonds and Tranche 2 New Bonds are the same, as originally contemplated in the New Bonds Circular, the Directors propose to amend the terms of the New Bonds (including Tranche 1 New Bonds and Tranche 2 New Bonds) as set out above.

To assess the reasonableness of the Downward Adjustment, we have reviewed and identified, on best effort, companies listed on the Stock Exchange that announced to issue or have already issued convertible bonds/notes (the "**Comparables**") from 1 January 2009 up to the Latest Practicable Date with reset mechanism to the relevant conversion prices. Owing to the fact that the business, operations and prospects of the Company and the details of the issue of New Bonds are not the same as to those of the Comparables, Independent Shareholders for the Amendment should note that the Comparables are only used to provide a general reference for the common market practice of companies listed on the Stock Exchange in transactions which involved in the issue of convertible notes/bonds with reset mechanism to the relevant conversion prices. Set out below is a summary of our findings.

Date of announcement	**Comparable**	**Stock code**	**Adjustment on conversion price under reset mechanism**	**Maturity (years)**	**Interest Rate (%)**	**Maximum number of resets of the conversion price (times)**
26/11/2010	China Agrotech Holdings Limited	1073	downward	5.00	0.00	5
17/11/2010	Long Success International (Holdings) Limited	8017	downward	5.00	6.00	19
19/10/2010	China Nickel Resources Holdings Company Limited	2889	downward	2.00	10.00	1
15/10/2010	Goldin Properties Holdings Limited	283	downward	3.00	8.00	6
16/9/2010	China Uptown Group Company Limited	2330	downward	3.00	4.00	2
20/7/2010	China Eco-Farming Limited	8166	downward	3.00	0.00	6
1/4/2010	Artini China Co. Ltd	789	upward and downward	1.00	0.00	every day (around 255 times)
10/3/2010	China Water Affairs Group Limited	855	downward	5.00	2.50	1
30/11/2009	Solartech International Holdings Limited	1166	upward and downward	3.00	0.00	1
18/11/2009	Ching Hing (Holdings) Limited	692	downward	3.00	2.00	1
24/8/2009	Golden Meditech Company Limited	801	downward	5.00	3.00	5
31/7/2009	Global Resources Development (Holdings) Limited	8116	downward	5.00	0.00	1
11/6/2009	China Properties Investment Holdings Limited	736	downward	3.00	3.00	12
5/6/2009	Rontex International Holdings Limited	1142	downward	2.00	5.00	2
28/4/2009	Qin Jia Yuen Media Services Company Limited	2366	downward	5.00	5.00	2
	Maximum			5.00	10.00	255
	Minimum			1.00	0.00	1
	Mean			3.53	3.23	21.27
	Company		downward	5.00	0.00	9

Sources: www.hkex.com.hk

As advised by the Company, the reason for having a Variable Conversion Price rather than just the Fixed Conversion Price is to enhance the attractiveness of the New Bonds by providing the holders of the New Bonds with downside risk protection if the stock price of the underlying shares goes down. Given the maturity of the New Bonds is 5th anniversary from the date of issue of the New Bonds and the Conversion Price will be reset at the end of the 6-month period from the date of issuance of Tranche 1 New Bonds and at the end of every 6-month period thereafter, there are at most 9 times of possible price reset prior to the maturity date of the New Bonds, which lies within the comparison range of the Comparables with the minimum of one re-set and the maximum of around 255 times of re-set before maturity. In addition, as shown from the table above, it is not uncommon to have only downward adjustment for the convertible bonds with reset mechanism on the conversion price.

As noted from the Board Letter, the Residual Consideration of approximately HK$66.60 million is expected to be financed by proceeds from Tranche 2 New Bonds. Approximately HK$3.70 million of the Residual Consideration will be paid on or before 24 December 2010 and approximately HK$62.90 million of the Residual Consideration will be paid on or before 31 March 2011. As noted from the interim report 2010 of the Company (the "**IR 2010**"), the Company recorded a net liabilities position of approximately US$14.46 million (equivalent to approximately HK$112.79 million under the exchange rate of US$1.0 to HK$7.80) as at 30 June 2010 and as noted from AR 2009, the Group has a loss making track record since the financial year 2006. Also noted that the Group recorded loss attributable to Shareholder of approximately US$1.89 million (equivalent to approximately HK$14.74 million under the exchange rate of US$1.0 to HK$7.80) for the three months ended 30 September 2010, representing an increase in loss by approximately 23.53% as compared to the corresponding period in the previous year of approximately US$1.53 million (equivalent to approximately HK$11.93 million under the exchange rate of US$1.0 to HK$7.80).

Taking into consideration of

(i) the payment dates and the size of the Residual Consideration;

(ii) given the New Bonds is non-interest bearing, the Uncertainty Opinion, the persistent loss making track record, the net liabilities position and the increase in loss attributable to Shareholders by approximately 23.53% as comparing the three months ended 30 September 2010 to the corresponding period in the previous year, the Downward Adjustment mechanism would enhance the attractiveness of the Tranche 2 New Bonds and therefore would speed up the completion of the placing of Tranche 2 New Bonds which is required for the Group to finance the payment for the Residual Consideration;

(iii) the placees of Tranche 1 New Bonds subscribed on the basis that the terms of Tranche 1 New Bonds and Tranche 2 New Bond are the same;

(iv) it is not uncommon to have downward adjustment only for the convertible bonds with reset mechanism on the conversion price;

(v) without the Downward Adjustment mechanism and in the event that the Conversion Price is higher than the prevailing market price, the holders of the New Bonds may not have incentive to convert the Convertible Bonds and the Company will face pressure of repayment upon the maturity given the net liabilities position and loss making performance of the Group; and

(vi) having the Downward Adjustment mechanism, the liabilities under the New Bonds are likely to be converted into equity interest and hence the Group's capital base can be enlarged and the gearing of the Group can be reduced,

we considered the Amendment (including the Downward Adjustment) is fair and reasonable so far as the interests of the Company and the Independent Shareholders for the Amendment are considered.

Recommendation

Having considered the factors and reasons as stated above, we are of the view that the Amendment is in the interest of the Company and the Independent Shareholders for the Amendment as a whole, and is fair and reasonable. Accordingly, we recommend the Independent Shareholders for the Amendment and advise the Independent Board Committee to recommend the Independent Shareholders for the Amendment to vote in favour of the ordinary resolution in relation to the Amendment to be proposed at the EGM.

C. Refreshment of General Mandate

Background of and reasons for refreshment of General Mandate

At the annual general meeting of the Company held on 7 May 2010, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the General Mandate under which the Directors were authorised to allot, issue and deal with up to 66,119,596 Shares, which is equivalent to the then 20% issued share capital of the Company as at the date of the said resolution was passed.

As mentioned in the Board Letter and with reference to the announcement of the Company dated 21 September 2010, unlisted warrants has been issued as a consideration for repurchase of all outstanding zero coupon convertible bonds of the Company at an amount of US$75 million (equivalent to approximately HK$585.00 million under the exchange rate of US$1.0 to HK$7.80), new Shares are to be issued upon the exercise of the subscription rights attaching to the said unlisted warrants under the General Mandate. As such, the General Mandate had been utilised as to 60,000,000 Shares, representing approximately 90.7% of the General Mandate. The General Mandate has almost been fully utilized and the remaining new Shares can be allotted and issued under the General Mandate is only 6,119,596 Shares, representing approximately 9.3% of the General Mandate.

As set out in the Board Letter, assuming full exercise of the subscription rights attaching to the said unlisted warrants, it is estimated net proceeds of approximately HK$8.9 million would be raised. No issue price was received by the Company upon issue of these warrants. As at the Latest Practicable Date, 50% of the unlisted warrants were exercised with 30,000,000 Shares being allotted and issued and gross proceeds of HK$4.5 million had been used as general working capital of the Group.

There has been no refreshment of General Mandate since the said annual general meeting. Accordingly, after the issue of the above Shares, only 6,119,596 new Shares may be further issued and allotted under the General Mandate. The Directors consider that it is in the interests of the Company and the Shareholders as a whole to grant the Issue Mandate by maintaining the financial flexibility to raise funds through the issue of new securities when deciding the source of finance for any acquisition opportunities that may arise in the future and for the purpose of raising general working capital of the Group. On the basis of a total of 490,597,984 Shares in issue as at the Latest Practicable Date and assuming that no new Shares will be issued or repurchased whatsoever between the Latest Practicable Date and the EGM, the Issue Mandate (if granted) will empower the Directors to allot, issue and deal in up to a maximum of 98,119,596 new Shares, being 20% of the Shares in issue as at the Latest Practicable Date.

With reference to the announcement of the Company dated 25 June 2010, the Company has announced the placing of the HK$250 million in principal amount of the New Bonds in two tranches. As advised by the Company, the placing of Tranche 1 New Bonds in aggregate principal amount of HK$160 million was completed on 4 October 2010 and net proceeds of approximately HK$156 million has been raised, all of which has been utilized for the repurchase of the convertible bonds due 2011 issued by the Company. Aside from the abovementioned issue of warrants and the placing of Tranche 1 New Bonds, the Company has not conducted other fund raising activities in the past 12 months prior to the Latest Practicable Date.

As mentioned above, the Residual Consideration of approximately HK$66.60 million is expected to be financed by proceeds from Tranche 2 New Bonds. Approximately HK$3.70 million of the Residual Consideration will be paid on or before 24 December 2010 and approximately HK$62.90 million of the Residual Consideration will be paid on or before 31 March 2011. As noted from IR 2010, the Group recorded cash and cash equivalents of approximately US$6.57 million (equivalent to approximately HK$51.25 million under the exchange rate of US$1.0 to HK$7.80) and loan payable of approximately US$55,000 (equivalent to approximately HK$0.43 million under the exchange rate of US$1.0 to HK$7.80) as at 30 June 2010.

Having considered that (i) the General Mandate has been substantially utilized; (ii) the payment dates and the size of the Residual Consideration and the cash position of the Group as at 30 June 2010 given the placing of the Tranche 2 New Bonds has not been completed and is on best effort basis; (iii) the Issue Mandate would enhance the financial flexibility for the Group to raise funds for future investments and business development if necessary and hence to strengthen the capital base and financial position of the Company; and (iv) there is no certainty that existing cash and facility resources will be adequate for any appropriate investment that may be identified by the Company in the future, additional funding may still be needed in a timely manner when necessary for financing future investments should suitable investment opportunities arise, we consider the refreshment of General Mandate is fair and reasonable and is in the interests of the Company and the Independent Shareholders for the refreshment of General Mandate as a whole.

Other financing alternatives

As set out in the Board Letter, other than raising funds by way of issuing equity capital, the Directors has considered other financing methods such as bank financing, debt financing and funding through internal resources in order to meet its financing requirements arising from future development of the Group and general working capital of the Group, depending on the then financial position, capital structure and cost of funding of the Group and the then market condition. Further, such alternatives may be subject to lengthy due diligence and negotiations with the banks and the Directors consider that debt financing would be relatively uncertain and time-consuming as compared to equity financing, such as placement of new Shares, for the Group to obtain additional funding. As for other forms of pro rata equity financing methods such as rights issue or open offer, most would result in substantial costs including but not limited to legal costs and underwriting commissions and the Company may not be able to procure favourable terms in commercial underwriting. In light of the above, the Board considers the Issue Mandate to be an important avenue of resources to the Group since it does not create any interest paying obligations on the Group and is relatively less time consuming.

Having considered that (i) debt financing may incur interest burden to the Group; (ii) rights issue or open offer may take a longer time to complete while fund raising exercise pursuant to general mandate provides the Company a simpler and less lead time process than other types of fund raising exercise and avoids the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner; and (iii) the refreshment of the General Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future development, including equity issuance, we are of the view that the refreshment of the General Mandate will be in the interests of the Company and the Independent Shareholders for the refreshment of General Mandate as a whole.

Potential dilution to shareholdings of the Independent Shareholders for the refreshment of General Mandate

Set out below is a table showing the shareholdings of the Company as at the Latest Practicable Date and, for illustrative purpose, the potential dilution effect on the shareholdings upon full utilisation of the Issue Mandate (assuming no Shares are issued or repurchased during the period between the Latest Practicable Date and the date of the EGM):

	As at the Latest Practicable Date		**Immediately upon full utilisation of Issue Mandate**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
Mr. Ulric Leung Yuk Lun and his associates *(Note)*	17,000,000	3.47	17,000,000	2.89
Mr. Johnny Chan Kok Chung and his associates *(Note)*	15,633,058	3.19	15,633,058	2.66
Shareholders upon full utilisation of Issue Mandate	–	–	98,119,596	16.67
Existing Independent Shareholders for the refreshment of General Mandate	457,964,926	93.34	457,964,926	77.78
Total	490,597,984	100.00	588,717,580	100.00

Note: Executive Directors

As illustrated in the table above, the existing aggregate shareholding of the Independent Shareholders for the refreshment of General Mandate will decrease from approximately 93.34% as at the Latest Practicable Date to approximately 77.78% upon full utilisation of the Issue Mandate (assuming no Shares are issued or repurchased during the period between the Latest Practicable Date and the date of the EGM). In view that (i) the Issue Mandate will provide an alternative to increase the amount of capital which may be raised under the Issue Mandate; (ii) the Issue Mandate will provide more options of financing to the Group for further development of its business as well as in other potential future investment and/or acquisitions as and when such opportunities arise; and (iii) the fact that the shareholdings of all Shareholders will be diluted proportionately to their respective shareholding upon any utilization of the Issue Mandate, we consider such dilution or potential dilution to shareholdings of the Independent Shareholders for the refreshment of General Mandate to be justifiable.

Recommendation

Having considered the factors and reasons as stated above, we are of the view that the refreshment of the General Mandate is in the interests of the Company and the Independent Shareholders for the refreshment of General Mandate as a whole, and is fair and reasonable. Accordingly, we recommend the Independent Shareholders for the refreshment of General Mandate and advise the Independent Board Committee to recommend the Independent Shareholders for the refreshment of General Mandate to vote in favour of the ordinary resolution in relation to the refreshment of the General Mandate to be proposed at the EGM. Independent Shareholders for the refreshment of General Mandate are however advised to take note of the possible dilution effect on their shareholding interests in the Company when and if the Issue Mandate is utilised.

Yours faithfully,
For and on behalf of
Veda Capital Limited

Hans Wong
Chairman

Julisa Fong
Managing Director

1. THREE-YEAR FINANCIAL INFORMATION

Financial information on the Group for each of the three years ended 31 December 2009, 2008 and 2007 are disclosed in pages 31 to 122 of annual report 2009, pages 33 to 122 of annual report 2008 and pages 33 to 122 of annual report 2007 of the Company respectively, which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.crosbycapitallimited.com).

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 October 2010, being the latest practicable date for the purpose of ascertain information relating to this indebtedness statement, the Group had outstanding indebtedness of HK$190 million (approximately US$24.3 million) in principal amount, out of which (i) HK$160 million (approximately US$20.5 million) from the outstanding principal amount of the Tranche 1 New Bonds issued on 4 October 2010; and (ii) outstanding principal amount of unsecured redeemable promissory note of HK$30 million (approximately US$3.8 million) issued on 13 September 2010 in relation to the acquisition of Shikumen. The accrued interest thereon up to 31 October 2010 is insignificant.

As of the close of business on 31 October 2010, the Group had liabilities of (i) up to US$277,000, being the provision made for the maximum obligations under the finance leases in relation to certain fixed assets (IT equipment and office furniture), with CAM as the guarantor; and (ii) up to US$132,000, being the provision made for the potential litigation of Crosby Wealth Management (Hong Kong) Limited as mentioned in Appendix III to this circular after taking into account the insurance coverage under the Group's professional liability insurance.

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

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances and other internal resources available, the Group has sufficient working capital for its present requirements and for at least twelve months from the date of publication of this circular in the absence of unforeseen circumstances.

4. MATERIAL CHANGE

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

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 12 November 2010 of the property interest to be acquired by the Group.

JONES LANG LASALLE® SALLMANNS

Jones Lang LaSalle Sallmanns Limited
17/F Dorset House Taikoo Place
979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

13 December 2010

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

Dear Sirs,

In accordance with your instructions to value the property interest in Hong Kong to be acquired by Crosby Capital Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group"), we confirm that we have carried out an inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital value of the property interests as at 12 November 2010 (the "date of valuation").

Our valuation of the property interest represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have valued the property interest by direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, and all other relevant matters.

We have not been provided with copies of title relating to the property interest and have caused searches to be made at the Hong Kong Land Registry. However, we have not searched the original documents to verify the ownership or to ascertain any amendment.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures attached in the report are in Hong Kong Dollars (HKD).

Our valuation certificate is attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 27 years' experience in the valuation of properties in the PRC and 28 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

VALUATION CERTIFICATE

Property Interest to be acquired by the Group for owner occupation in Hong Kong

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 12 November 2010 *HKD*
Unit 502 on 5th Floor AXA Centre No. 151 Gloucester Road Wan Chai Hong Kong (38/85th share of 85/2119th share of The Remaining Portion of Section A of Inland Lot No. 2755 and The Remaining Portion of Inland Lot No. 2755)	The property comprises an office unit on the 5th floor of a 25-storey commercial building completed in 1982. The property has a gross floor area of approximately 6,660 sq.ft. (618.73 sq.m.) The property is held under a Government Lease for a term of 99 years commencing from 14 April, 1928 renewable for a further term of 99 years. The current Government rent payable for the subject lots is HK$234 per annum.	The property is currently vacant.	74,000,000

Notes:

1. The registered owner of the property is Upper City Limited vide Memorial No. 10020803020689 dated 14 January, 2010.

2. The property is subject to a Deed of Mutual Covenant vide Memorial No. UB3575200 dated 20 November 1987.

3. The property is subject to a Supplemental-Deed of Mutual Covenant vide Memorial No. UB6012366 dated 18 May 1994 (Re-registered vide Memorial No. 05101402110018) and Management Agreement in favour of National Mutual Property Management Company Limited "The CP Manager".

4. The property is subject to a Mortgage to secure all moneys in respect of general banking facilities in favour of The Hong Kong and Shanghai Banking Corporation Limited vide Memorial No. 10032202990324 dated 2 March 2010.

5. The property is subject to a Rent Assignment in favour of The Hong Kong and Shanghai Banking Corporation Limited vide Memorial No. 10032202990331 dated 2 March 2010.

6. The property is subject to a Provisional Agreement for Sale and Purchase ("Head Agreement") vide Memorial No. 10111800230510 dated 29 October, 2010 in favour of Online Business Investment Limited by Upper City Limited for a consideration of part of HK$147,900,000. (Deed Pending Registration).

7. The Property is subject to a Provisional Agreement for Sale and Purchase vide Memorial No. 10120701800013 dated 12 November, 2010 (Deed Pending Registration) in favour of Crosby Capital (Hong Kong) Limited, a wholly-owned subsidiary of the Company by Online Business Investment Limited who is selling as a confirmor. Crosby Capital (Hong Kong) Limited is purchasing the property subject to the Head Agreement (see note 6).

8. As confirmed by the Company, Upper City Limited and Online Business Investment Limited are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

(i) Interests in the ordinary shares of the Company

Name of Directors	Personal Interest	Family Interest	Corporate Interest	Aggregate long position in ordinary shares of the Company	Percentage which the aggregate long position in ordinary shares represents to the total ordinary shares of the Company in issue
					%
Johnny Chan Kok Chung *(Note)*	15,155,320	477,738	–	15,633,058	3.19
Ulric Leung Yuk Lun	17,000,000	–	–	17,000,000	3.47
Joseph Tong Tze Kay	500,000	–	–	500,000	0.10
Daniel Yen Tzu Chen	200,000	–	–	200,000	0.04

Note: Yuda Udomritthiruj held 477,738 Shares. Yuda Udomritthiruj, an employee of a subsidiary of the Company, is the wife of Johnny Chan Kok Chung (a Director) and, accordingly, Mr. Chan is deemed to have interests in her Shares.

(ii) Interests in the underlying shares of the Company

The interests in the underlying shares of the Company arise from unlisted share options granted to the Directors under the Company's share option scheme and the zero coupon convertible bonds due 2015 held by a Director, details of which are provided below:

Name of Directors	Date of grant	Exercise price	Aggregate long position in underlying Shares	Percentage which the aggregate long position in underlying shares of the Company represents to the total ordinary share capital of the Company in issue
				%
Johnny Chan Kok Chung	26 April 2006	HK$7.70	6,000,000	
	11 February 2008	HK$1.80	3,000,000	
	7 October 2010	HK$0.158	2,800,000	
			11,800,000	2.41
Ulric Leung Yuk Lun *(Note)*	7 October 2010	HK$0.158	1,500,000	0.31
Ahmad S. Al-Khaled	24 March 2006	HK$7.70	500,000	
	29 January 2007	HK$3.65	250,000	
	11 February 2008	HK$1.80	500,000	
	29 December 2008	HK$0.18	500,000	
			1,750,000	0.36
Daniel Yen Tzu Chen	24 March 2006	HK$7.70	500,000	
	29 January 2007	HK$3.65	250,000	
	11 February 2008	HK$1.80	500,000	
	29 December 2008	HK$0.18	500,000	
			1,750,000	0.36
Joseph Tong Tze Kay	24 March 2006	HK$7.70	500,000	
	29 January 2007	HK$3.65	250,000	
	11 February 2008	HK$1.80	500,000	
	11 February 2008	HK$0.18	500,000	
			1,750,000	0.36

Note: Mr. Ulric Leung Yuk Lun, a Director also owns Tranche 1 New Bonds for a principal sum of HK$5 million convertible into 27,777,777 Shares at the initial conversion price of HK$0.18 per Share, representing 5.66% of the total ordinary share capital of the Company in issue.

(iii) Short positions

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

(iv) Interest in the shares of associated corporations

Name of Directors	Associated Corporation	Personal Interest	Corporate Interest	Aggregate long position in shares of the associated corporation	Percentage which the aggregate long position in shares of the associated corporation represents to the issued share capital of the associated corporation %
Johnny Chan Kok Chung	CAM	40,000	–	40,000	0.01

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

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

Name of Directors	Date of grant	Exercise price	Aggregate long position in underlying shares of the associate corporation	Percentage which the aggregate long position in underlying shares of the associate corporation represents to the issued share capital of the associate corporation %
Johnny Chan Kok Chung	11 February 2008	22.25 pence	2,400,000	0.77

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

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

Name	Number or approximate attributable number of ordinary shares	Aggregate long position in underlying shares of the Company	Approximate percentage or Approximate attributable Percentage holding of ordinary shares currently in issue and/or percentage which the aggregate long position in underlying shares of the Company represents to the total ordinary share capital of the Company in issue
Crosby Management Holdings Limited *(Note 1)*	130,000,000	–	26.50%
Nelson Tang Yu Ming *(Notes 1 and 2)*	130,000,000	4,600,000	27.44%
Jeffrey Lau Chun Hung *(Notes 1 and 3)*	130,000,000	3,000,000	27.11%
TBV Holdings Limited *(Note 4)*	34,176,940	–	6.97%
Emperor Securities Limited *(Note 5)*	–	500,000,000	101.92%
Emperor Capital Group Limited *(Note 5)*	–	500,000,000	101.92%
Million Way Holdings Limited *(Note 5)*	–	500,000,000	101.92%
STC International Limited *(Note 5)*	–	500,000,000	101.92%
Dr. Yeung Sau Shing, Albert *(Note 5)*	–	500,000,000	101.92%
Luk Siu Man Semon *(Note 5)*	–	500,000,000	101.92%
Greyhound International Limited *(Note 6)*	–	237,222,222	48.35%
Wu Ting Fai, James *(Note 6)*	–	237,222,222	48.35%
Main Wealth Enterprises Limited *(Note 7)*	15,000,000	216,666,666	47.22%

Name	Number or approximate attributable number of ordinary shares	Aggregate long position in underlying shares of the Company	Approximate percentage or Approximate attributable Percentage holding of ordinary shares currently in issue and/or percentage which the aggregate long position in underlying shares of the Company represents to the total ordinary share capital of the Company in issue
Lau Kit Mei *(Note 7)*	15,000,000	216,666,666	47.22%
Sodikin *(Note 8)*	15,000,000	216,666,666	47.22%
Sun Hung Kai Strategic Capital Limited ("SHK Strategic") *(Note 9)*	–	83,333,333	16.99%
Shipshape Investments Limited ("Shipshape") *(Note 9)*	–	83,333,333	16.99%
Sun Hung Kai & Co. Limited ("SHK & Co.") *(Note 10)*	–	83,333,333	16.99%
AP Emerald Limited ("AP Emerald") *(Note 10)*	–	83,333,333	16.99%
AP Jade Limited ("AP Jade") *(Note 10)*	–	83,333,333	16.99%
Allied Properties (H.K.) Limited ("APL") *(Note 10)*	–	83,333,333	16.99%
Allied Group Limited ("AGL") *(Note 10)*	–	83,333,333	16.99%
Lee Seng Huang *(Note 11)*	–	83,333,333	16.99%
Lee Seng Hui *(Note 11)*	–	83,333,333	16.99%
Lee Su Hwei *(Note 11)*	–	83,333,333	16.99%
Ng Chun Fai Frank *(Note 12)*	–	40,388,888	8.23%

Notes:

1. Crosby Management Holdings Limited held 130,000,000 ordinary shares of the Company. Crosby Management Holdings Limited was beneficially owned as 52% by Nelson Tang Yu Ming and 34.7% by Jeffrey Lau Chun Hung. Both of them are entitled to exercise more than 30% of the voting power at the general meetings of Crosby Management Holdings Limited and, accordingly, they are deemed to be interested in 130,000,000 ordinary shares owned by Crosby Management Holdings Limited.

2. Nelson Tang Yu Ming was granted 4,600,000 options to subscribe for Shares at an exercise price of HK$0.158 on 7 October 2010.

3. Jeffrey Lau Chun Hung was granted 3,000,000 options to subscribe for Shares at an exercise price of HK$0.158 on 7 October 2010.

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

5. Emperor Securities Limited is deemed to be interested in these Shares by virtue of a placing agreement dated 24 June 2010 entered into between the Company and the Placing Agent in relation to the placing of the New Bonds. Emperor Securities Limited is an indirect wholly-owned subsidiary of Emperor Capital Group Limited, the shares of which are listed on the Stock Exchange. 47.90% of the shares of Emperor Capital Group Limited are held by Win Move Group Limited. The entire issued share capital of Win Move Group Limited is held by Million Way Holdings Limited, which in turn is held by STC International Limited on trust for The Albert Yeung Discretionary Trust ("AY Trust"). Dr. Yeung Sau Shing, Albert, as founder of the AY Trust, and Ms. Luk Siu Man, Semon, as the spouse of Dr. Yeung Sau Shing, Albert, are deemed to be interested in the 500,000,000 underlying Shares for the purposes of the SFO.

6. Greyhound International Limited owns 237,222,222 underlying Shares, out of which 222,222,222 will be allotted and issued upon the full conversion of Tranche 1 New Bonds for a principal sum of HK$40 million at the initial conversion price of HK$0.18 per Share; and 15,000,000 Shares will be allotted and issued upon its exercise of the subscription rights attached to certain warrants of the Company at the initial exercise price of HK$0.15 per Share. Wu Ting Fai, James is deemed to be interested in these Shares through his 100% interests in Greyhound International Limited.

7. Main Wealth Enterprises Limited owns 231,666,666 underlying Shares, out of which 216,666,66 will be allotted and issued upon the full conversion of Tranche 1 New Bonds for a principal sum of HK$39 million at the initial conversion price of HK$0.18 per Share; and 15,000,000 Shares were allotted and issued as a result of its exercise of the subscription rights attached to certain warrants of the Company at an exercise price of HK$0.15 per Share. Lau Kit Mei is deemed to be interested in these Shares through her 100% interests in Main Wealth Enterprises Limited.

8. Sodikin owns 231,666,666 underlying Shares, out of which 216,666,666 will be allotted and issued upon the full conversion of Tranche 1 New Bonds for a principal sum of HK$39 million at the initial conversion price of HK$0.18 per Share; and 15,000,000 Shares were allotted and issued as a result of its exercise of the subscription rights attached to certain warrants of the Company at an exercise price of HK$0.15 per Share.

9. 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 shares in which SHK Venture is interested. SHK Strategic owns Tranche 1 New Bonds for a principal sum of HK$15 million convertible into 83,333,333 Shares at the initial conversion price of HK$0.18 per Share.

10. SHK & Co. is a 62.47% 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 72.32% owned subsidiary of AGL. Accordingly, AGL, APL, AP Jade and AP Emerald are deemed to have an interest in the shares in which SHK & Co. is interested.

11. Lee Su Hwei, Lee Seng Huang and Lee Seng Hui are trustees of Lee and Lee Trust ("LLT") which owns 53.01% 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.

12. Ng Chun Fai Frank owns 40,388,888 underlying Shares, out of which 38,888,888 will be allotted and issued upon the full conversion of Tranche 1 New Bonds for a principal sum of HK$7 million at the initial conversion price of HK$0.18 per Share; and 1,500,000 will be allotted and issued upon exercise of the subscription rights attached to the options of the Company granted on 7 October 2010 with an exercise price of HK$0.158.

(ii) Short positions

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

Save as disclosed above, as at the Latest Practicable Date, the Directors of the Company were not aware of any other person who had an interest or short position in the Shares and Underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

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

3. DIRECTORS' SERVICE CONTRACTS

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

4. COMPETING INTERESTS

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

5. LITIGATION

The Group has received a number of complaints against its wealth management business relating to issues arising from the global financial crisis in 2007 and 2008. In particular, Crosby Wealth Management (Hong Kong) Limited ("**CWM HK**"), a subsidiary of the Company, received a writ of summons (the "**Writ**") issued in the High Court in Hong Kong by Verlon Investment Inc., a client of CWM HK, dated 21 October 2010, claiming for alleged losses arising from its investments in accumulators in 2007. CWM HK has sought legal counsel and has been rigorously refuting these claims in correspondence, and it intends to file a robust defence to the claims as stated in the Writ.

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

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

6. INTERESTS IN CONTRACTS AND ASSETS

As of the Latest Practicable Date, none of the Directors has any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries during the period since 31 December 2009, the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

There had been no contract or arrangement of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.

7. MATERIAL CONTRACTS

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

(a) the sale and purchase agreement dated 24 June 2010 entered into between Shikumen Capital Management Limited, the Company, Mr. Nelson Tang Yu Ming and Mr. Jeffrey Lau Chun Hung in relation to the acquisition of Shikumen for a consideration of HK$46.9 million;

(b) the agreement dated 24 June 2010 entered into between ECK Partners Holdings Limited ("ECK Partners") and the Company in relation to the disposal certain sale assets by the Company for a consideration of US$27,111;

(c) the agreement dated 24 June 2010 entered into between CAM and the Company in respect of the sale of various businesses, assets and liabilities of CAM to the Company for a consideration of US$948,666;

(d) the placing agreement dated 24 June 2010 entered into between the Company and the Placing Agent in relation to the placing of the New Bonds with an aggregate principal amount of HK$250 million;

(e) the conditional deed of settlement dated 21 September 2010 entered into between the Company and the holders of all the outstanding of a US$75 million zero coupon convertible bonds of the Company due March 2011 issued in March 2006 in relation to the repurchase of such bonds;

(f) the agreement dated 6 October 2010 entered into between ECK Partners and the Company in respect of the sale of various investments to the ECK Partners for a consideration of US$197,340; and

(g) the Provisional Agreement.

8. EXPERTS AND CONSENTS

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

Name	Qualification
Veda Capital	a corporation licensed to carry on business in type 6 (advising on corporate finance) regulated activity under the SFO
BDO Limited	Certified Public Accountants
Jones Lang LaSalle Sallmanns Limited	chartered surveyors and independent valuers

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its reports or opinions and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, none of the above experts have any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts have any direct or indirect interests in any assets which had been, since 31 December 2009 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to, any member of the Group.

9. AUDIT COMMITTEE

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

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

(ii) David John Robinson Herratt, aged 59, has over 30 years of experience in the insurance industry in Europe, the Middle East and Asia. He is currently a consultant and advisor for Asia of Hampden Agencies Limited which is regulated by Lloyd's of London and United Kingdom Financial Services Authority. Prior to that, he was the Chief Executive of William Russell (Far East) Limited in Hong Kong. He has also held executive positions with Lloyd's of London, Thomas Miller Risk Management in the United Kingdom, ONIC General Insurance Company in Oman, CLP Power in Hong Kong and the Skandia Group. He is a Fellow of the Chartered Insurance Institute (FCII) and a Fellow of the Institute of Risk Management (FIRM).

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

10. MISCELLANEOUS

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

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

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

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

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

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

11. DOCUMENTS FOR INSPECTION

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

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

(b) the annual reports of the Company for the three financial years ended 31 December 2009 and the third quarterly report of the Company for the nine months ended 30 September 2010;

(c) the letter of advice from Veda Capital, the text of which is set out on pages 12 to 19 of this circular;

(d) the letter and valuation certificate prepared by Jones Lang LaSalle Sallmanns Limited, the text of which is set out in Appendix II to this circular;

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

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

(g) this circular; and

(h) the circular of the Company dated 26 July 2010.

CROSBY

CROSBY CAPITAL LIMITED
(高誠資本有限公司)

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

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of Crosby Capital Limited (the "Company") will be held at 18th Floor, Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong, on Friday, 7 January 2011 at 2:30 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions which will be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

1. "**THAT**: the terms and conditions of the provisional sale and purchase agreement dated 2 November 2010 (the "Agreement", a copy of which has been produced to the meeting marked "A" and signed by the chairman of the meeting for the purpose of identification) entered into between Online Business Investment Limited (the "Vendor") and Crosby Capital (Hong Kong) Limited (the "Purchaser") in relation to the acquisition of an office (the "Acquisition") unit located at Unit 502, 5th Floor, AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong at a consideration of HK$74 million be and are hereby approved, ratified and confirmed;

2. "**THAT** the Board be and is hereby authorized to make the necessary adjustments to the use of proceeds from the second tranche of the convertible bonds to be issued by the Company with an aggregate principal amount of HK$90 million, including but not limited to settling HK$66,600,000, the residual consideration of the Acquisition payable at completion of the Acquisition;

3. "**THAT t**he amendment of the terms of the first tranche of the convertible bonds issued on 4 October 2010 by the Company with an aggregate principal amount of HK$160 million and the second tranche of the convertible bonds to be issued by the Company with an aggregate principal amount of HK$90 million (a copy of which has been produced to the meeting marked "B" and signed by the chairman of the meeting for the purpose of identification) regarding the reset of the conversion price be and are hereby approved, ratified and confirmed;

4. "**THAT**, to the extent not already exercised, the mandate to allot and issue shares of the Company given to the directors (the "Directors") of the Company at the annual general meeting (the "AGM") of the Company held on 7 May 2010 be and is hereby revoked and replaced by the mandate THAT:

   (a) subject to paragraph (c) below, pursuant to the Rules (the "GEM Listing Rules") Governing the Listing of Securities on the Growth Enterprises Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued shares (each a "Share") of HK$0.01 each in the share capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

   (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

* *For identification purpose only*

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise), issued or dealt with by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association (the "Articles") of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(d) for the purposes of this resolution:

"**Relevant Period**" means the period from the date of the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated or revised) of the Cayman Islands or any other applicable laws of the Cayman Islands to be held; or

(iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

"**Rights Issue**" means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong)."

5. "**THAT** BDO Limited be and it hereby is appointed as auditors of the Company to fill the vacancy occasioned by the resignation of Grant Thornton Hong Kong, to hold office until the conclusion of the next annual general meeting of the Company at a fee to be determined by the Directors."

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

Hong Kong, 13 December 2010

Notes:

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

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

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