

# CROSBY

## CROSBY CAPITAL LIMITED

(高誠資本有限公司)\*

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8088)

### INTERIM RESULTS

### FOR THE SIX MONTHS ENDED 30 JUNE 2013

#### CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

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

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\* For identification purposes only

## **ABOUT CROSBY CAPITAL LIMITED**

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

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

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

The Group reported a loss attributable to owners of the Company for the six months under review of US\$2.6 million as compared to a profit of US\$0.6 million for the corresponding period last year, a loss of US\$2.0 million and a profit of US\$0.7 million of which are from continuing operations respectively. Excluding gain on financial liabilities at fair value through profit or loss of US\$0.7 million for the six months under review (2012: US\$4.4 million), the loss attributable to owners from the continuing operations for the six months under review was US\$2.7 million (2012: US\$3.7 million).

Revenue from continuing operations decreased to US\$0.9 million for the six months under review from that of US\$1.0 million for the corresponding period last year. Total operating expenses (being other administrative expenses plus other operating expenses) from continuing operations for the six months under review were US\$2.7 million which remained at the same level as that for the corresponding period last year.

## **FINANCIAL POSITION AND RESOURCES**

### **Liquidity**

At 30 June 2013, the Group had cash and bank balances of US\$1.1 million and net current liabilities of US\$29.8 million, decreased from US\$3.0 million and US\$30.8 million at 31 December 2012 respectively.

### **Significant Capital Assets and Investments**

At 30 June 2013, the Group had leasehold land and building of net carrying amount of US\$9.3 million in respect of the office premises in AXA Centre in Wanchai and investments (mainly available-for-sale investments) of US\$0.4 million as compared with those of US\$9.5 million and US\$0.7 million respectively at 31 December 2012. Details of these investments are set out in Notes 13, 14 and 18 to the unaudited condensed interim financial information respectively.

### **Gearing**

In June 2010, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent agreed to place new 5-year Zero Coupon Convertible Bonds with an aggregate principal amount of up to HK\$250 million, comprising Tranche 1 of principal amount up to HK\$160 million (the “Tranche 1 Convertible Bonds”) and Tranche 2 of principal amount of up to HK\$90 million (the “Tranche 2 Convertible Bonds”), subject to certain conditions. On 4 October 2010, with the fulfilment of all conditions required for Tranche 1 Convertible Bonds, the Company issued the Tranche 1 Convertible Bonds, HK\$156 million of which was used to finance the repurchase of the convertible bonds previously issued in March 2006 as detailed in the Company’s 2010 Annual Report. On 30 March 2011, with the fulfillment of all conditions required for Tranche 2 Convertible Bonds, the Company further issued the Tranche 2 Convertible Bonds, the proceeds of which was used to finance the purchase of the office premises together with the mortgage bank loan.

The terms and conditions of the Tranche 2 Convertible Bonds are the same as those of the Tranche 1 Convertible Bonds, which were also detailed in Note 23 to the unaudited condensed interim financial information. In accordance with the terms and conditions thereof, the prevailing conversion price is HK\$0.78 per share as reset on 4 April 2013.

In March 2011, a mortgage bank loan of principal amount of HK\$30 million (approximately US\$3.8 million) was drawn to finance the purchase of the office premises as mentioned above. It is secured by the office premises, corporate guarantees of unlimited amount and an amount up to HK\$30 million (approximately US\$3.8 million) by the Company and Shikumen Capital Management (HK) Limited, its wholly owned subsidiary respectively.

On 16 April 2012, principal amount of HK\$35 million of Tranche 1 Convertible Bonds had been converted into 37,634,408 ordinary shares at conversion price of HK\$0.93 per share.

On 11 June 2012, 2,025,202 ordinary shares were allotted and issued upon exercise of warrants for a total amount of HK\$2.25 million (approximately US\$0.3 million) at an exercise price of HK\$1.111 per share.

On 29 May 2013, a promissory note of principal amount of approximately HK\$1.8 million (approximately US\$0.2 million) was issued to Crosby Management Holdings Limited, a company which is 96.7% owned by a director of Shikumen Capital management (HK) Limited, to finance the general working capital of the Group.

At 30 June 2013, the Group had no other significant debt.

### **Charges**

There are no significant charges on Group's investments and assets other than those on the office premises.

### **Commitments and Contingent Liabilities**

At 30 June 2013, the Group had no significant commitments, other than capital commitments and those under operating leases for the rental of other office premises and office equipment as set out in Note 28 to the unaudited condensed interim financial information and no significant contingent liabilities, including pension obligations, other than those set out in Note 29 to the unaudited condensed interim financial information.

### **Equity Structure**

An analysis of the movements in equity during the period is provided in the consolidated statement of changes in equity on page 11 of the unaudited condensed interim financial information.

Upon the capital reduction becoming effective from 31 May 2012, each authorized but unissued ordinary share and redeemable convertible preference share ("RCPS") of par value of US\$0.10 has been subdivided into 10 new adjusted shares of US\$0.01 each. The par value of each issued ordinary share and RCPS has been reduced from US\$0.10 to US\$0.01 by cancelling US\$0.09 of the paid-up capital on each issued ordinary share and RCPS. The credit arising from the capital reduction of US\$12.2 million along with the entire amount standing to the credit of share premium account of the Company of US\$108.6 million was set off against the accumulated losses of the Company, totaling US\$120.8 million.

At 30 June 2013, the issued ordinary share capital of the Company was 137,779,206 shares. Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the six months under review.

At 30 June 2013, the Company had 10,601,826 options outstanding under the Company's Share Option Scheme of which 5,472,830 options were exercisable. The Company can grant a further 12,595,400 options pursuant to the existing shareholder mandate limit.

Non-controlling interests in the consolidated statement of financial position represents the 44.14% non-controlling shareholders interest in the Group's wealth management subsidiaries which were resolved to be put into voluntary liquidation in first quarter of 2013. The balance decreased to a minimal amount at 30 June 2013 from US\$0.1 million at 31 December 2012.

## **EMPLOYEE INFORMATION**

As at 30 June 2013, the Group had 23 full-time employees (31 December 2012: 33). Details of the directors' and employees' remuneration during the period are provided in Note 7 to the unaudited condensed interim financial information.

The remuneration packages of the Group's directors and employees are kept at a competitive level to attract, retain and motivate directors and employees of the quality required to run the Group successfully. In general, remuneration consists of a combination of a fixed salary paid in cash and a performance linked bonus paid in cash and options. A portion of the bonus may be deferred subject to the achievement of certain pre-determined targets and conditions. The Group's remuneration policies and practices are reviewed regularly and benchmarked against a peer group of international financial institutions.

## **FOREIGN CURRENCY EXPOSURE**

The Group's exposure to foreign currencies is limited to foreign currency denominated financial assets and liabilities at fair value through profit or loss where the foreign currency risk is managed as an integral part of the investment return.

## **CORPORATE GOVERNANCE REPORT**

### **(a) Corporate Governance Practices**

Throughout the period of the six months ended 30 June 2013, the Company has complied with the code provisions (“Code Provisions”) as set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules, except for the following deviation:-

#### *Code Provision A.2.1*

Code Provision A.2.1 provides that the roles of the Chairman and Chief Executive Officer (“CEO”) should be separate and should not be performed by the same individual.

Following the step down of Mr. Ilyas Tariq Khan from the office of Chairman and CEO of the Company on 4 October 2010, the Company has not appointed Chairman and CEO, and the roles and functions of the Chairman and CEO have been performed by all the Executive Directors of the Company collectively.

### **(b) Directors’ Securities Transactions**

- (i) The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.
- (ii) Having made specific enquiries of all Directors of the Company, the Company is satisfied that the Directors of the Company have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules, and with the Company’s code of conduct regarding Directors’ securities transactions.

## RESULTS

The board of directors (the “Board”) of the Company announces the unaudited consolidated results of the Group for the six months and three months ended 30 June 2013, together with the comparative unaudited figures of the corresponding periods in 2012, as follows:

### CONSOLIDATED INCOME STATEMENT

For the six months and three months ended 30 June 2013

	Notes	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
		2013 US\$'000	(Restated) 2012 US\$'000	2013 US\$'000	(Restated) 2012 US\$'000
<b>Continuing operations</b>					
Revenue	5	930	978	315	479
Cost of sales		121	(297)	268	(148)
<b>Gross profit</b>		<b>1,051</b>	681	<b>583</b>	331
Gain on financial liabilities at fair value through profit or loss		715	4,407	799	5,079
Other income	6	305	41	284	27
Administrative expenses					
Amortisation of intangible assets		–	(404)	–	(203)
Other administrative expenses		(2,559)	(2,503)	(1,228)	(1,264)
Other operating expenses		(176)	(236)	(104)	(147)
<b>(Loss)/Profit from operations</b>		<b>(664)</b>	1,986	<b>334</b>	3,823
Finance costs	8	(1,278)	(1,266)	(652)	(609)
<b>(Loss)/Profit before taxation</b>	9	<b>(1,942)</b>	720	<b>(318)</b>	3,214
Taxation	10	(8)	–	–	–
<b>(Loss)/Profit for the period from continuing operations</b>		<b>(1,950)</b>	720	<b>(318)</b>	3,214
<b>Discontinued operations</b>					
<b>(Loss)/Profit for the period from discontinued operations</b>	11	<b>(680)</b>	(352)	<b>(191)</b>	48
<b>(Loss)/Profit for the period</b>		<b>(2,630)</b>	368	<b>(509)</b>	3,262

	<i>Note</i>	<b>Unaudited Six months ended 30 June</b>		<b>Unaudited Three months ended 30 June</b>	
		<b>2013</b>	(Restated) <b>2012</b>	<b>2013</b>	(Restated) <b>2012</b>
		<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>Attributable to:</b>					
Owners of the Company					
(Loss)/Profit for the period from continuing operations		<b>(1,950)</b>	720	<b>(318)</b>	3,214
(Loss)/Profit for the period from discontinued operations		<b>(610)</b>	(170)	<b>(191)</b>	73
		<b>(2,560)</b>	550	<b>(509)</b>	3,287
Non-controlling interests					
Loss for the period from continuing operations		-	-	-	-
Loss for the period from discontinued operations		<b>(70)</b>	(182)	-	(25)
<b>(Loss)/Profit for the period</b>		<b>(2,630)</b>	368	<b>(509)</b>	3,262
<b>(Loss)/Earnings per share attributable to owners of the Company</b>	<i>12</i>	<i>US cents</i>	(Restated) <i>US cents</i>	<i>US cents</i>	(Restated) <i>US cents</i>
Basic					
Continuing operations		<b>(1.42)</b>	0.63	<b>(0.23)</b>	2.47
Discontinued operations		<b>(0.44)</b>	(0.15)	<b>(0.14)</b>	0.06
		<b>(1.86)</b>	(0.48)	<b>(0.37)</b>	2.53
Diluted					
Continuing operations		N/A	0.92	N/A	(0.17)
Discontinued operations		N/A	(0.22)	N/A	(0.01)
		N/A	0.70	N/A	(0.18)



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months and three months ended 30 June 2013

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2013 US\$'000	(Restated) 2012 US\$'000	2013 US\$'000	(Restated) 2012 US\$'000
<b>(Loss)/Profit for the period</b>	<b>(2,630)</b>	368	<b>(509)</b>	3,262
<b>Other comprehensive income:</b>				
Items that may be reclassified subsequently to profit or loss				
Available-for-sale investments				
Reclassification adjustment upon disposal of subsidiaries	<b>(218)</b>	–	<b>(218)</b>	–
Deficit on revaluation	<b>(5)</b>	(10)	<b>(5)</b>	(8)
Exchange differences on translating foreign operations	<b>15</b>	2	<b>9</b>	–
Other comprehensive income for the period, net of tax	<b>(208)</b>	(8)	<b>(214)</b>	(8)
<b>Total comprehensive income for the period, before and net of tax</b>	<b><u>(2,838)</u></b>	<u>360</u>	<b><u>(723)</u></b>	<u>3,254</u>
<b>Attributable to:</b>				
Owners of the Company	<b>(2,768)</b>	542	<b>(723)</b>	3,279
Non-controlling interests	<b>(70)</b>	(182)	–	(25)
<b>Total comprehensive income for the period, before and net of tax</b>	<b><u>(2,838)</u></b>	<u>360</u>	<b><u>(723)</u></b>	<u>3,254</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2013</b>	2012
	<i>Notes</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	10,074	10,403
Interests in jointly controlled entities		–	227
Available-for-sale investments	14	408	699
Note receivable	15	–	2,801
Intangible assets		106	112
Goodwill	16	3,311	3,311
		<u>13,899</u>	<u>17,553</u>
<b>Current assets</b>			
Trade and other receivables	17	1,409	1,489
Financial assets at fair value through profit or loss	18	–	30
Cash and cash equivalents		1,093	3,021
		<u>2,502</u>	<u>4,540</u>
<b>Current liabilities</b>			
Other payables	19	480	2,009
Loan payable		–	62
Borrowings	20	259	2,246
Financial liabilities at fair value through profit or loss	22	5,240	5,942
Convertible bonds	23	26,351	25,112
		<u>32,330</u>	<u>35,371</u>
<b>Net current liabilities</b>		<u>(29,828)</u>	<u>(30,831)</u>
<b>Total assets less current liabilities</b>		<u>(15,929)</u>	<u>(13,278)</u>
<b>Non-current liabilities</b>			
Borrowings	20	4,051	4,166
Financial liabilities at fair value through profit or loss	22	84	97
Note payable	24	203	–
		<u>4,338</u>	<u>4,263</u>
<b>Net liabilities</b>		<u>(20,267)</u>	<u>(17,541)</u>
<b>EQUITY</b>			
Share capital	25	1,378	1,378
Reserves	26	(21,647)	(18,991)
<b>Capital deficiency attributable to owners of the Company</b>		<u>(20,269)</u>	<u>(17,613)</u>
Non-controlling interests		2	72
<b>Capital deficiency</b>		<u>(20,267)</u>	<u>(17,541)</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 June 2013*

	Capital deficiency attributable to owners of the Company								Non-controlling interests	Capital deficiency	
	Share capital	Share premium	Capital reserve	Capital redemption reserve	Employee share-based compensation reserve	Investment revaluation reserve	Foreign exchange reserve	Accumulated losses			Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2013 (Audited)	1,378	438	271	77	4,430	218	6	(24,431)	(17,613)	72	(17,541)
Employee share-based compensation	-	-	-	-	112	-	-	-	112	-	112
Transactions with owners	-	-	-	-	112	-	-	-	112	-	112
Loss for the period	-	-	-	-	-	-	-	(2,560)	(2,560)	(70)	(2,630)
Other comprehensive income:											
Available-for-sale investments											
Reclassification adjustment upon disposal of subsidiaries	-	-	-	-	-	(218)	-	-	(218)	-	(218)
Deficit on revaluation	-	-	-	-	-	(5)	-	-	(5)	-	(5)
Exchange differences on translating foreign operations	-	-	-	-	-	-	15	-	15	-	15
Total comprehensive income for the period	-	-	-	-	-	(223)	15	(2,560)	(2,768)	(70)	(2,838)
<b>At 30 June 2013 (Unaudited)</b>	<b>1,378</b>	<b>438</b>	<b>271</b>	<b>77</b>	<b>4,542</b>	<b>(5)</b>	<b>21</b>	<b>(26,991)</b>	<b>(20,269)</b>	<b>2</b>	<b>(20,267)</b>
At 1 January 2012 (Audited)	9,812	107,943	271	77	7,034	237	4	(143,228)	(17,850)	421	(17,429)
Employee share-based compensation	-	-	-	-	99	-	-	-	99	-	99
Issue of shares upon conversion of bonds	3,764	696	-	-	-	-	-	-	4,460	-	4,460
Capital reduction	(12,218)	(108,639)	-	-	-	-	-	120,857	-	-	-
Issue of shares upon exercise of warrants	20	438	-	-	-	-	-	-	458	-	458
Transactions with owners	(8,434)	(107,505)	-	-	99	-	-	120,857	5,017	-	5,017
Profit/(Loss) for the period	-	-	-	-	-	-	-	550	550	(182)	368
Other comprehensive income:											
Available-for-sale investments											
Deficit on revaluation	-	-	-	-	-	(10)	-	-	(10)	-	(10)
Exchange differences on translating foreign operations	-	-	-	-	-	-	2	-	2	-	2
Total comprehensive income for the period	-	-	-	-	-	(10)	2	550	542	(182)	360
<b>At 30 June 2012 (Unaudited)</b>	<b>1,378</b>	<b>438</b>	<b>271</b>	<b>77</b>	<b>7,133</b>	<b>227</b>	<b>6</b>	<b>(21,821)</b>	<b>(12,291)</b>	<b>239</b>	<b>(12,052)</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	<b>Unaudited</b>	
	<b>Six months</b>	
	<b>ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>US\$'000</i>	<i>US\$'000</i>
<b>Net cash outflow from operating activities</b>		
Continuing operations	(2,067)	(1,053)
Discontinued operations	(1,297)	(464)
	<u>(3,364)</u>	<u>(1,517)</u>
<b>Net cash inflow/(outflow) from investing activities</b>		
Continuing operations	2,784	(3,063)
Discontinued operations	(83)	(121)
	<u>2,701</u>	<u>(3,184)</u>
<b>Net cash (outflow)/inflow from financing activities</b>		
Continuing operations	(624)	174
Discontinued operations	(641)	–
	<u>(1,265)</u>	<u>174</u>
<b>Net decrease in cash and cash equivalents</b>	(1,928)	(4,527)
Cash and cash equivalents at beginning of the period	3,021	7,774
Effect of exchange rate fluctuations, net	–	(1)
<b>Cash and cash equivalents at end of the period</b>	<u>1,093</u>	<u>3,246</u>
<b>Analysed into:</b>		
Continuing operations	1,085	1,794
Discontinued operations	8	1,452
	<u>1,093</u>	<u>3,246</u>

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION

### 1. BASIS OF PREPARATION

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

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

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

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

It should be noted that accounting estimates and assumptions are used in preparation of the unaudited condensed interim financial information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the unaudited condensed interim financial information, are consistent with those set out in the Company's annual audited consolidated financial statements for the year ended 31 December 2012 ("2012 Annual Report").

In preparing the unaudited condensed interim financial information, the Directors have considered the operations of the Group as a going concern notwithstanding the Group had a capital deficiency of approximately US\$20,267,000 as at 30 June 2013 (31 December 2012: US\$17,541,000), and the Group incurred a loss of approximately US\$2,630,000 (30 June 2012: a profit of US\$368,000). The Directors have prepared the unaudited condensed interim financial information based on the assumption that the Group can continue as a going concern and are of the view that the Group will have sufficient working capital and financial resources to finance its operations for twelve months from the end of the reporting period, after taking into consideration (i) there has been no indication that any holder of the Company's convertible bonds has intention of considering exercising their early redemption options on 4 October 2013; (ii) the Group continues to implement measure to tighten costs controls over various administrative expenses and to attain positive cash flow operations; (iii) the directors or/and substantial shareholders of the Group provide financial support to the Group when necessary; and (iv) the Group might consider additional financing by way of new shares issue or other means.

Having regard to the cash flow projection of the Group, the Directors of the Company are of the opinion that, in the light of the measures taken to date, together with the expected results of other measures in progress, the Group will have sufficient working capital and financial resources to satisfy its future working capital and other financing requirements for the foreseeable future. Accordingly, the Directors are satisfied that it is appropriate to prepare the unaudited condensed interim financial information on a going concern basis.

This condensed interim financial information for the six months ended 30 June 2013 is unaudited but has been reviewed by the audit committee of the Company.

## 2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed interim financial information has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. These unaudited condensed interim financial information should be read in conjunction with the Company’s 2012 Annual Report, which have been prepared in accordance with IFRSs.

The principal accounting policies adopted to prepare the unaudited condensed interim financial information are consistent with those adopted to prepare to the Company’s 2012 Annual Report.

The IASB has issued a few amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following new standards and amendments are relevant to the Group’s financial statements:

IFRSs (Amendments)	Annual Improvements to IFRSs 2009-2011 Cycle
Amendments to IAS 1 (Revised)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
IFRS 10	Consolidated Financial Statements
IFRS 13	Fair Value Measurement
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities

Other than as explained below, the adoption of these new standards and amendments to IFRSs did not change the Group’s accounting policies as followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012.

### **Amendments to IAS 1 (Revised) – Presentation of Financial Statements – Presentation of items of Other Comprehensive Income**

The amendments to IAS 1 (Revised) require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The Group’s presentation of other comprehensive income in this interim financial information has been modified accordingly.

## **IFRS 10 – Consolidated Financial Statements**

IFRS 10 replaces the requirements in IAS 27 “Consolidated and Separate Financial Statements” relating to the preparation of consolidated financial statements and SIC 12 “Consolidation – Special Purpose Entities”. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption of this new accounting policy does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013. Accordingly, this new accounting policy does not have any material impact on the financial position and the financial result of the Group.

## **IFRS 13 – Fair Value Measurement**

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specially required for financial instruments in the interim financial reports. The adoption of IFRS 13 does not have any material impact on the interim financial information of the Group except for additional disclosures made in the interim financial information.

## **Amendments to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities**

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. These new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 “Financial Instruments: Presentation” and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with IAS 32. The adoption of the amendments does not have any impact on the Group’s interim financial information because the Group has not offset financial instruments, nor entered into any master netting arrangement or similar agreement which is subject to the disclosures of IFRS 7.

## **Annual improvements to IFRSs 2009-2011 Cycle**

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, IAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (“CODM”) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. Segment liabilities are not considered by the CODM and no such disclosure is made.

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

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

#### (i) Critical accounting estimates and assumptions

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

##### *Fair values of financial instruments*

Financial instruments (such as available-for-sale investments, financial assets and liabilities at fair value through profit or loss, redeemable convertible preference shares and convertible bonds) are initially measured at fair value. Certain financial instruments are remeasured at fair value at subsequent reporting dates. The best evidence of fair value is quoted prices in an active market. Where quoted prices are not available for a particular financial instrument, the Group uses the values determined by the internal or external valuation techniques to estimate the fair value. The use of methodologies, models and assumptions in pricing and valuing these financial assets and liabilities requires varying degrees of judgement by management, which may result in different fair values and results. The assumptions with regard to the fair value of available-for-sale investments, financial assets at fair value through profit or loss, redeemable convertible preference shares, financial liabilities at fair value through profit or loss and convertible bonds, detailed in Notes 14, 18, 21, 22 and 23 to the unaudited condensed interim financial information respectively, have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year.

##### *Valuations of share options granted*

The fair value of share options granted was calculated using the Binomial Option Pricing Model which requires the input of highly subjective assumptions, including the volatility of the share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the opinion of the Directors of the Company, the existing model will not always necessarily provide a reliable single measure of the fair value of the share options.

##### *Impairment of assets*

The Group conducts impairment reviews of assets when events or changes in circumstances indicate that their carrying amounts may not be recoverable annually in accordance with relevant accounting standards. An impairment loss is recognised when the carrying amount of an asset is lower than the greater of its net selling price or the value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate.



### *Impairment of trade and other receivables*

Management determines impairment of trade and other receivables on a regular basis. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required. Further information on the impairment of trade and other receivables is included in Note 17 to the unaudited condensed interim financial information.

### *Current taxation and deferred taxation*

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which the final tax outcome is determined.

Deferred tax assets relating to certain tax losses will be recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such difference will impact, where applicable and appropriate, the recognition of deferred tax assets and taxation in the periods in which such estimate is changed.

## **(ii) Critical judgements in applying the Group's accounting policies**

### *Going concern*

The unaudited condensed interim financial information have been prepared on going concern basis, further details of which are provided in Note 1 to the financial statements.

#### 4. SEGMENT INFORMATION

In identifying the Group's operating segments, the management generally follows the Group's service lines which represent the main service lines provided by the Group.

The Group has identified the following reportable operating segments:

- (i) Asset management – provision of fund management, asset management and wealth management services. Wealth management business ceased on 28 September 2012 and was resolved to be put into voluntary liquidation in first quarter of 2013 and the comparative figures were re-presented as discontinued operations.
- (ii) Direct investment – holding of available-for-sale investments (excluding investments in funds managed by the Group), loans to investee and related companies and financial assets at fair value through profit or loss.

Those businesses disposed of under asset management and direct investment operating segments, as detailed in Note 31 to the unaudited condensed interim financial information, and the comparative figures were re-presented as discontinued operations.

Each of these operating segments is managed separately as each of them requires different resources. All inter-segment transfers are carried out at arms length prices.

The chief operating decision makers, which are collectively all the Executive Directors of the Company, assesses the performance of the operating segments based on a measure of operating profit. The measurement policies the Group uses for reporting segment results under IFRS 8 are the same as those used in its financial statements prepared under IFRSs, except that:

- gain on financial liabilities at fair value through profit or loss;
- share of profits of a jointly controlled entity accounted for using the equity method;
- amortisation of intangible assets;
- finance costs;
- taxation; and
- certain other unallocated income and expenses

are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but interests in jointly controlled entities as well as corporate assets unrelated to the business activities of any operating segment.

The revenues generated and (losses)/profits incurred from operations and total assets by each of the Group's operating segments are summarised as follows:

	Asset management		Direct investment		Total	
	Unaudited Six months ended 30 June 2013 US\$'000	(Restated) Unaudited Six months ended 30 June 2012 US\$'000	Unaudited Six months ended 30 June 2013 US\$'000	(Restated) Unaudited Six months ended 30 June 2012 US\$'000	Unaudited Six months ended 30 June 2013 US\$'000	(Restated) Unaudited Six months ended 30 June 2012 US\$'000
Revenue from external customers						
Continuing operations	930	978	-	-	930	978
Discontinued operations	26	318	-	-	26	318
<b>Total revenue</b>	<b>956</b>	<b>1,296</b>	<b>-</b>	<b>-</b>	<b>956</b>	<b>1,296</b>
<b>Segment (loss)/profit from operations</b>						
Continuing operations	(595)	(1,129)	-	-	(595)	(1,129)
Discontinued operations	(544)	(558)	33	97	(511)	(461)
	<b>(1,139)</b>	<b>(1,687)</b>	<b>33</b>	<b>97</b>	<b>(1,106)</b>	<b>(1,590)</b>
<b>Segment total assets</b>	<b>6,988</b>	<b>3,684</b>	<b>-</b>	<b>2,880</b>	<b>6,988</b>	<b>6,564</b>

Segment loss from operations can be reconciled to consolidated (loss)/profit from operations as follows:

	Continuing Operations		Discontinued Operations		Total	
	Unaudited Six months ended 30 June 2013 US\$'000	Unaudited Six months ended 30 June 2012 US\$'000	Unaudited Six months ended 30 June 2013 US\$'000	Unaudited Six months ended 30 June 2012 US\$'000	Unaudited Six months ended 30 June 2013 US\$'000	(Restated) Unaudited Six months ended 30 June 2012 US\$'000
<b>Segment loss from operations</b>	<b>(595)</b>	<b>(1,129)</b>	<b>(511)</b>	<b>(461)</b>	<b>(1,106)</b>	<b>(1,590)</b>
Reconciling items:						
Other income not allocated	245	22	-	-	245	22
Gain on financial liabilities at fair value through profit or loss	715	4,407	-	-	715	4,407
Amortisation of intangible assets	-	(404)	-	-	-	(404)
Other expenses not allocated	(1,601)	(1,498)	(200)	-	(1,801)	(1,498)
Elimination of inter-segment revenue	572	588	-	-	572	588
<b>(Loss)/Profit from operations</b>	<b>(664)</b>	<b>1,986</b>	<b>(711)</b>	<b>(461)</b>	<b>(1,375)</b>	<b>1,525</b>
Finance costs	(1,278)	(1,266)	(3)	-	(1,281)	(1,266)
Share of profit of a jointly controlled entity	-	-	34	109	34	109
<b>(Loss)/Profit before taxation</b>	<b>(1,942)</b>	<b>720</b>	<b>(680)</b>	<b>(352)</b>	<b>(2,622)</b>	<b>368</b>

Segment total assets can be reconciled to consolidated total assets as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <i>US\$'000</i>	Audited 31 December 2012 <i>US\$'000</i>
<b>Segment total assets</b>	<b>6,988</b>	6,564
Reconciling item:		
Other assets not allocated	<u><b>9,413</b></u>	<u>15,529</u>
<b>Total assets</b>	<u><b>16,401</b></u>	<u>22,093</u>

	Asset management		Direct investment		Other		Total	
	(Restated)		(Restated)		(Restated)		(Restated)	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	Six months	Six months	Six months	Six months	Six months	Six months	Six months	Six months
	ended	ended	ended	ended	ended	ended	ended	ended
	30 June	30 June	30 June	30 June	30 June	30 June	30 June	30 June
	2013	2012	2013	2012	2013	2012	2013	2012
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Continuing operations								
Interest income	-	-	-	(22)	-	(1)	-	(23)
Interest expenses	-	-	-	-	1,278	1,266	1,278	1,266
Depreciation of property, plant and equipment	6	4	-	-	345	248	351	252
Share-based compensation expense	<u>37</u>	<u>38</u>	<u>-</u>	<u>-</u>	<u>75</u>	<u>61</u>	<u>112</u>	<u>99</u>
Discontinued operations								
Interest income	-	-	(14)	(81)	-	-	(14)	(81)
Interest expenses	3	-	-	-	-	-	3	-
Depreciation of property, plant and equipment	<u>2</u>	<u>44</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>44</u>

The Group defines geographical information with reference to those revenue producing assets and transactions that arise from customers domiciled worldwide. Due to the nature of the business, precise segregation of geographical activities would be arbitrary and therefore considered not appropriate.

**5. REVENUE – CONTINUING OPERATIONS**

	<b>Unaudited Six months ended 30 June</b>		<b>Unaudited Three months ended 30 June</b>	
	<i>(Restated)</i>		<i>(Restated)</i>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Fund management fee income	<u>930</u>	<u>978</u>	<u>315</u>	<u>479</u>

**6. OTHER INCOME - CONTINUING OPERATIONS**

	<b>Unaudited Six months ended 30 June</b>		<b>Unaudited Three months ended 30 June</b>	
	<i>(Restated)</i>		<i>(Restated)</i>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Bank interest income	–	1	–	–
Gain on disposal of subsidiaries (Note 31)	<b>60</b>	–	<b>60</b>	–
Gain on available-for-sale investments reclassified from equity upon disposal of subsidiaries	<b>218</b>	–	<b>218</b>	–
Gain on disposal of property, plant and equipment	–	3	–	3
Management fee income	–	13	–	6
Other interest income	–	22	–	16
Others	<u>27</u>	<u>2</u>	<u>6</u>	<u>2</u>
	<u><b>305</b></u>	<u>41</u>	<u><b>284</b></u>	<u>27</u>

## 7. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' REMUNERATION)

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	(Restated)		(Restated)	
	2013 US\$'000	2012 US\$'000	2013 US\$'000	2012 US\$'000
Fees	66	73	33	38
Salaries, allowances and benefits in kind	1,886	1,882	867	941
Commission paid and payable	–	143	–	51
Bonus paid and payable	127	170	54	85
Share-based compensation expense	112	99	45	74
Retirement fund contributions	17	24	7	13
	<u>2,208</u>	<u>2,391</u>	<u>1,006</u>	<u>1,202</u>
<b>Analysed into:</b>				
Continuing operations	1,807	1,887	844	972
Discontinued operations	401	504	162	230
	<u>2,208</u>	<u>2,391</u>	<u>1,006</u>	<u>1,202</u>

## 8. FINANCE COSTS – CONTINUING OPERATIONS

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	(Restated)		(Restated)	
	2013 US\$'000	2012 US\$'000	2013 US\$'000	2012 US\$'000
Effective interest expense on convertible bonds – wholly repayable within five years ( <i>Note 23</i> )	1,239	1,232	637	592
Effective interest expense on redeemable convertible preference shares ( <i>Note 21</i> )	5	5	3	2
Effective interest expenses on note payable to Crosby Management Holdings Limited	5	–	–	–
Interest on bank loan – not wholly repayable within five years	25	28	12	14
Other interest expense – wholly repayable within five years	4	1	–	1
	<u>1,278</u>	<u>1,266</u>	<u>652</u>	<u>609</u>

9. (LOSS)/PROFIT BEFORE TAXATION – CONTINUING OPERATIONS

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2013	(Restated) 2012	2013	(Restated) 2012
	US\$'000	US\$'000	US\$'000	US\$'000
(Loss)/Profit before taxation is arrived at after charging:				
Auditors' remuneration				
– audit services	27	25	13	12
– other services	9	9	6	6
Amortisation of intangible assets	–	404	–	203
Depreciation of property, plant and equipment	351	252	176	121
Employee benefit expense (including directors' remuneration) (Note 7)	1,807	1,887	844	972
Foreign exchange losses, net	12	–	10	–
Operating lease charges in respect of rented premises	168	38	93	24
After crediting:				
Gain on disposal of subsidiaries	60	–	60	–
Gain on disposal of property, plant and equipment	–	3	–	3
	<u>–</u>	<u>3</u>	<u>–</u>	<u>3</u>



## 10. TAXATION – CONTINUING OPERATIONS

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
		(Restated)		(Restated)
	2013	2012	2013	2012
	US\$'000	US\$'000	US\$'000	US\$'000
Current tax charge				
Hong Kong:				
– Under provision in prior years	8	–	–	–
– Charge for the period	–	–	–	–
	<u>8</u>	<u>–</u>	<u>–</u>	<u>–</u>

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

No Hong Kong profits tax has been provided in the unaudited condensed interim financial information as the Group did not make any assessable profit for the three months and six months ended 30 June 2013 and 30 June 2012.

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

## 11. DISCONTINUED OPERATIONS

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2013 US\$'000	2012 US\$'000	2013 US\$'000	2012 US\$'000
<b>Revenue</b>	<b>26</b>	318	<b>26</b>	110
Cost of sales	<u>–</u>	<u>(1)</u>	<u>–</u>	<u>–</u>
<b>Gross profit</b>	<b>26</b>	317	<b>26</b>	110
Loss on financial assets at fair value through profit or loss	(5)	(6)	–	–
Other income	42	135	–	128
Administrative expenses	(626)	(813)	(214)	(247)
Other operating expenses	<u>(148)</u>	<u>(94)</u>	<u>(1)</u>	<u>(34)</u>
<b>Loss from operations</b>	<b>(711)</b>	(461)	<b>(189)</b>	(43)
Finance costs	(3)	–	(2)	(1)
Share of profit of a jointly controlled entity	<u>34</u>	<u>109</u>	<u>–</u>	<u>92</u>
<b>(Loss)/Profit before taxation (Note (i))</b>	<b>(680)</b>	(352)	<b>(191)</b>	48
Taxation	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>(Loss)/Profit for the period</b>	<b><u>(680)</u></b>	<b><u>(352)</u></b>	<b><u>(191)</u></b>	<b><u>48</u></b>

Notes:

(i)

	<b>Unaudited Six months ended 30 June</b>		<b>Unaudited Three months ended 30 June</b>	
	(Restated)		(Restated)	
	<b>2013</b>	2012	<b>2013</b>	2012
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Profit/(Loss) before taxation is arrived at after charging:				
Auditors' remuneration				
– audit services	<b>8</b>	11	<b>2</b>	6
Depreciation of property, plant and equipment	<b>2</b>	44	<b>1</b>	17
Employee benefit expense (including directors' remuneration) ( <i>Note 7</i> )	<b>401</b>	504	<b>162</b>	230
Foreign exchange losses, net	<b>2</b>	4	<b>–</b>	3
Operating lease charges in respect of rented premises	<b>26</b>	97	<b>22</b>	26

(ii) For the purpose of presenting discontinued operations, the comparative unaudited interim consolidated income statement, the comparative unaudited interim statement of comprehensive income, the comparative unaudited condensed interim statement of cash flows and the related notes were re-presented as if the operations discontinued during the period had been discontinued at the beginning of the comparative period.

## 12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Unaudited Six months ended 30 June		Unaudited Three months ended 30 June	
	2013	(Restated) 2012	2013	(Restated) 2012
<i>(US\$'000)</i>				
(Loss)/Earnings for the purpose of calculating basic (loss)/earnings per share (i.e, consolidated (loss)/profit attributable to owners of the Company)				
Continuing operations	(1,950)	720	(318)	3,214
Discontinued operations	(610)	(170)	(191)	73
	<u>(2,560)</u>	<u>550</u>	<u>(509)</u>	<u>3,287</u>
Effect of dilutive potential ordinary shares, net of tax:				
Effective interest expense on convertible bonds	1,238	1,128	637	577
Loss on change in fair value: Derivative embedded in convertible bonds	(701)	(4,079)	(840)	(4,502)
	<u>(2,023)</u>	<u>(2,401)</u>	<u>(712)</u>	<u>(638)</u>
Loss for the purpose of calculating diluted (loss)/earnings per share				
	<u>(2,023)</u>	<u>(2,401)</u>	<u>(712)</u>	<u>(638)</u>
<i>(Number)</i>				
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share				
	137,779,206	114,057,613	137,779,206	129,995,629
Effect of dilutive potential ordinary shares:				
Convertible bonds	231,182,796	231,182,796	231,182,796	231,182,796
	<u>231,182,796</u>	<u>231,182,796</u>	<u>231,182,796</u>	<u>231,182,796</u>
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share				
	<u>368,962,002</u>	<u>345,240,409</u>	<u>368,962,002</u>	<u>361,178,425</u>
<i>(US cents)</i>				
<b>Basic (loss)/earnings per share</b>				
Continuing operations	(1.42)	0.63	(0.23)	2.47
Discontinued operations	(0.44)	(0.15)	(0.14)	0.06
	<u>(1.86)</u>	<u>(0.48)</u>	<u>(0.37)</u>	<u>2.53</u>
<b>Diluted (loss)/earnings per share</b>				
Continuing operations	N/A	0.92	N/A	(0.17)
Discontinued operations	N/A	(0.22)	N/A	(0.01)
	<u>N/A</u>	<u>0.70</u>	<u>N/A</u>	<u>(0.18)</u>

### 13. PROPERTY, PLANT AND EQUIPMENT

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <i>US\$'000</i>	Audited 31 December 2012 <i>US\$'000</i>
Net carrying amount at 1 January	<b>10,403</b>	10,688
Additions	<b>36</b>	321
Disposals	–	(8)
Disposal of subsidiaries ( <i>Note 31</i> )	<b>(12)</b>	–
Depreciation for the period/year ( <i>Notes 9 and 11</i> )	<b>(353)</b>	(598)
	<hr/>	<hr/>
<b>Net carrying amount at 30 June/31 December</b>	<b><u>10,074</u></b>	<b><u>10,403</u></b>

### 14. AVAILABLE-FOR-SALE INVESTMENTS

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <i>US\$'000</i>	Audited 31 December 2012 <i>US\$'000</i>
<i>Unlisted investments, at fair value</i>		
Equity securities	<b>298</b>	586
Less: Impairment losses	<b>(19)</b>	(15)
	<hr/>	<hr/>
	<b>279</b>	571
	<hr/>	<hr/>
<i>Unlisted investments, at cost</i>		
Equity securities	<b>1,586</b>	1,586
Less: Impairment losses	<b>(1,457)</b>	(1,458)
	<hr/>	<hr/>
	<b>129</b>	128
	<hr/>	<hr/>
<b>Total</b>	<b><u>408</u></b>	<b><u>699</u></b>

The movements in available-for-sale investments during the period/year are as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<i>US\$'000</i>	<i>US\$'000</i>
At 1 January	<b>699</b>	718
Additions	<b>13</b>	–
Disposal of subsidiaries ( <i>Note 31</i> )	<b>(299)</b>	–
Change in fair value recognised directly in other comprehensive income	<b>(5)</b>	(19)
<b>At 30 June/31 December</b>	<b><u>408</u></b>	<b><u>699</u></b>

The fair value of unlisted investments was not disclosed as there was no open market on the unlisted investments and the fair value cannot be measured reliably.

#### 15. NOTE RECEIVABLE

On 26 March 2012, the Company signed a subscription agreement to invest HK\$20,000,000 (approximately US\$2,564,000) in a note (the “Note”) issued by Silver Pointer Limited (“Silver Pointer”), a wholly-owned subsidiary of Shikumen Special Situations Fund (“SSSF”), an investment fund managed by Shikumen Capital Management (HK) Limited, a wholly-owned subsidiary of the Company. Silver Pointer is established by SSSF to pursue private equity investment opportunities as permitted under its investment mandate.

The Note was unsecured, interest-bearing at 12% per annum and repayable after a fixed term of 3 years or earlier based on certain conditions. The Note has been fully repaid during the six months ended 30 June 2013.

#### 16. GOODWILL

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<i>US\$'000</i>	<i>US\$'000</i>
<b>Carrying amount at 1 January, 30 June and 31 December</b>	<b><u>3,311</u></b>	<b><u>3,311</u></b>

## 17. TRADE AND OTHER RECEIVABLES

		<b>Unaudited</b> <b>30 June</b> <b>2013</b> <i>US\$'000</i>	Audited 31 December 2012 <i>US\$'000</i>
	<i>Notes</i>		
Trade receivables	(i)	<b>1,237</b>	836
Other receivables – gross		<b>73</b>	124
<i>Less: Impairment losses</i>	(ii)	–	–
Other receivables – net		<b>73</b>	124
Deposits and prepayments		<b>99</b>	529
<b>Total</b>		<b>1,409</b>	1,489

*Notes:*

- (i) The ageing analysis of trade receivables based on invoice date and net of impairment losses is as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <i>US\$'000</i>	Audited 31 December 2012 <i>US\$'000</i>
0 – 30 days	<b>156</b>	512
31 – 60 days	<b>164</b>	159
61 – 90 days	<b>169</b>	165
Over 90 days	<b>748</b>	–
<b>Total</b>	<b>1,237</b>	836

The Group allows a credit period ranging from 15 to 45 days (31 December 2012: 15 to 45 days) to its asset management clients. The credit period for asset management contracts can be extended in special circumstances.

At 30 June 2013 and 31 December 2012, the trade receivables related to three customers for which there was no recent history of default.

At 30 June 2013 and 31 December 2012, no impairment has been made in respect of trade receivables.

The ageing analysis of trade receivables which are past due but not impaired is as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<i>US\$'000</i>	<i>US\$'000</i>
Less than 30 days past due	320	671
31 – 60 days past due	169	165
61 – 90 days past due	748	–
	<u>1,237</u>	<u>836</u>

- (ii) The movements in the allowance for impairment of other receivables during the period/year are as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<i>US\$'000</i>	<i>US\$'000</i>
At 1 January	–	107
Written off	–	(107)
	<u>–</u>	<u>–</u>
<b>At 30 June/31 December</b>	<b>–</b>	<b>–</b>

The Group has provided impairment on material other receivables as at 30 June 2013 and 31 December 2012, which have been past due.

The ageing analysis of other receivables which are past due but not impaired is as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<i>US\$'000</i>	<i>US\$'000</i>
Less than 30 days past due	<u>73</u>	<u>124</u>



## 18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<i>US\$'000</i>	<i>US\$'000</i>
<b>Held for trading</b>		
<i>Listed securities, at fair value:</i>		
– Equity securities – Australia	–	20
– Equity securities – Japan	–	10
	<u>–</u>	<u>30</u>
<b>Total</b>	<u>–</u>	<u>30</u>

The movements in financial assets at fair value through profit or loss during the period/year are as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<i>US\$'000</i>	<i>US\$'000</i>
At 1 January	<b>30</b>	60
Loss on financial assets at fair value through profit or loss		
– Continuing operations	–	(30)
– Discontinued operations	<b>(5)</b>	–
Disposal of subsidiaries ( <i>Note 31</i> )	<b>(25)</b>	–
	<u>–</u>	<u>30</u>
<b>At 30 June/31 December</b>	<u>–</u>	<u>30</u>

## 19. OTHER PAYABLES

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<i>US\$'000</i>	<i>US\$'000</i>
Other payables	–	346
Accrued charges	<b>480</b>	1,663
	<u>480</u>	<u>2,009</u>
<b>Total</b>	<u>480</u>	<u>2,009</u>

Included in the Group's accrued charges is the provision for bonus of US\$109,000 (31 December 2012: US\$1,050,000) to directors and staff, of which the provision for bonus of US\$Nil (31 December 2012: US\$414,000) is deferred from prior years.

## 20. BORROWINGS

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <i>US\$'000</i>	Audited 31 December 2012 <i>US\$'000</i>
<b>Current liabilities</b>		
Bank loan – secured	259	256
Other loan – secured	–	1,990
	<u>259</u>	<u>2,246</u>
<b>Non-current liabilities</b>		
Bank loan – secured	3,085	3,205
Redeemable convertible preference shares ( <i>Note 21</i> )	966	961
	<u>4,051</u>	<u>4,166</u>
<b>Total</b>	<u><b>4,310</b></u>	<u><b>6,412</b></u>

<b>Unaudited</b> <b>30 June</b> <b>2013</b> <i>US\$'000</i>	Audited 31 December 2012 <i>US\$'000</i>
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### Borrowings are repayable as follows:

Within one year	259	2,246
In the second year	242	240
In the third to fifth years	1,715	1,702
After the fifth year	2,094	2,224
	<u>2,094</u>	<u>2,224</u>
<b>Total</b>	<u><b>4,310</b></u>	<u><b>6,412</b></u>

### Notes:

- (i) The contractual interest rate of the bank loan is HIBOR+1.25%. HIBOR represents the Hong Kong Interbank Offered Rate and the effective interest rate of the redeemable convertible preference shares is 1.14% per annum.
- (ii) The bank loan is repayable by instalments. The maturity date, on which the last instalment shall be due for repayment, will be 31 March 2026.

- (iii) The bank loan is secured by:
- (a) mortgage over certain leasehold land and building of the Group situated in Hong Kong of net carrying amount of US\$9,321,000 as at 30 June 2013 (31 December 2012: US\$9,458,000); and
  - (b) corporate guarantees given by the Company and Shikumen Capital Management (HK) Limited, a wholly owned subsidiary of the Company, for an unlimited amount (year ended 31 December 2012: unlimited amount) and an amount up to HK\$30,000,000 which is equivalent to approximately US\$3,846,000 (year ended 31 December 2012: HK\$30,000,000, approximately US\$3,846,000) respectively for the period ended 30 June 2013.
- (iv) The amounts due are based on the scheduled repayment dates set out in the loan agreement. The banking facilities are subject to the fulfilment of covenants, as are commonly found in lending arrangement with financial institution. If the Group was to breach the covenants, the drawn down facilities would become repayable on demand.

The Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the bank loan and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. As at 30 June 2013, none of the covenants relating to drawn down facilities had been breached (31 December 2012: Nil).

## **21. REDEEMABLE CONVERTIBLE PREFERENCE SHARES**

On 14 September 2011 (“issue date”), the Company issued 10,019,790 redeemable convertible preference shares (“RCPS”) of par value of US\$0.01 each at subscription price of US\$2.00 per RCPS, of which US\$0.10 per RCPS was paid on subscription and the remaining balance of US\$1.90 per RCPS will be paid immediately prior to the conversion of the RCPS into ordinary shares of the Company.

Each holder of the RCPS has the option to convert the RCPS into shares at an initial conversion price of HK\$1.23 per share, subject to the conversion price reset scheme. At the end to 6-month period from the issue date and at the end of every 6-month period thereafter, the conversion price per share be adjusted to 110% of the one-month volume weighted average price of the ordinary shares of the Company. The conversion price shall not be lower than the par value of the ordinary shares of the Company. The RCPS mature five years from the issue date at an amount equals to the initial RCPS subscription price of the RCPS redeemed or can be converted into shares on and after the issue date up to 7 September 2016 at the holder’s option upon the payment of the remaining balance of US\$1.90 per share. The RCPS holders may request the Company to redeem the RCPS (in whole or in part) on or after the third anniversary of the issue date of the RCPS. The RCPS are not entitled to any dividend. The RCPS may be redeemed by the Company after the issue date at the early redemption amount provided that the closing market price of the ordinary shares of the Company is at least 150% of the conversion price for 30 consecutive trading days.

In accordance with the terms and conditions thereof, the prevailing conversion price is HK\$0.90 per share as reset on 14 March 2013.

The residual amount of the proceeds of the RCPS over the fair value of the embedded derivatives, estimated at the date of issuance using Binomial Option Pricing Model, is assigned as the liability component and is included in borrowings under non-current liabilities.

The RCPS recognised in the statement of financial position at the issue date on 14 September 2011 are calculated as follows:

	<i>US\$'000</i>
Face value of RCPS issued	1,002
Initial value of subscription option over RCPS recognised upon subscription	3
Transaction costs	<u>–</u>
Net proceeds	1,005
Fair value of derivatives embedded in the RCPS	<u>(58)</u>
Liability component on initial recognition upon issuance of RCPS	<u>947</u>

The carrying value of the liability component of the RCPS recognised in the statement of financial position at the end of the reporting period are as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<i>US\$'000</i>	<i>US\$'000</i>
Net carrying amount at 1 January	<b>961</b>	950
Effective interest expense for the period/year ( <i>Note 8</i> )	<u><b>5</b></u>	<u>11</u>
<b>Net carrying amount at 31 December</b> ( <i>Note 20</i> )	<u><b>966</b></u>	<u>961</u>

Interest expense on the RCPS is calculated using the effective interest method by applying the effective interest rate of 1.14% (31 December 2012: 1.14%) per annum.

## 22. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<i>US\$'000</i>	<i>US\$'000</i>
<i>Derivatives embedded in the convertible bonds issued:</i>		
Balance at 1 January	5,942	8,984
Conversion of bonds	–	(570)
Gain on financial liabilities at fair value through profit or loss	<u>(702)</u>	<u>(2,472)</u>
Balance at 30 June/31 December	<u>5,240</u>	<u>5,942</u>
<i>Warrants issued:</i>		
Balance at 1 January	71	245
Exercise of warrants	–	(169)
Gain on financial liabilities at fair value through profit or loss	<u>(23)</u>	<u>(5)</u>
Balance at 30 June/31 December	<u>48</u>	<u>71</u>
<i>Derivatives embedded in the redeemable convertible preference shares issued:</i>		
Balance at 1 January	26	33
Loss/(Gain) on financial liabilities at fair value through profit or loss	<u>10</u>	<u>(7)</u>
Balance at 30 June/31 December	<u>36</u>	<u>26</u>
<b>Total</b>	<b><u>5,324</u></b>	<b><u>6,039</u></b>
<b>Categorised as:</b>		
<b>Current liabilities</b>	<b>5,240</b>	5,942
<b>Non-current liabilities</b>	<b><u>84</u></b>	<u>97</u>
<b>Total</b>	<b><u>5,324</u></b>	<b><u>6,039</u></b>

The fair values at 30 June 2013 and 31 December 2012 are calculated using the Binomial Option Pricing Model for the derivatives embedded in the convertible bonds and RCPS and the warrants issued respectively. The inputs into the model are as follows:

	Derivatives embedded in the convertible bonds issued		Warrants issued		Derivatives embedded in the redeemable convertible preference shares issued	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	Expected volatility	<b>72.72%</b>	70.69%	<b>72.72%</b>	70.69%	<b>71.39%</b>
Expected life	<b>2.26 years</b>	2.76 years	<b>2.26 years</b>	2.76 years	<b>3.21 years</b>	3.71 years
Risk-free rate	<b>0.39%</b>	0.12%	<b>0.39%</b>	0.12%	<b>0.61%</b>	0.22%
Spot price	<b>HK\$0.67</b>	HK\$0.79	<b>HK\$0.67</b>	HK\$0.79	<b>HK\$0.67</b>	HK\$0.79
Expected dividend yield	<b>0%</b>	0%	<b>0%</b>	0%	<b>0%</b>	0%

The Binomial Option Pricing Model requires the input of highly subjective assumptions, including the volatility of share price, therefore the changes in subjective input assumptions can materially affect the fair value estimates.

## 23. CONVERTIBLE BONDS

In June 2010, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent agreed to place 5-year Zero Coupon Convertible Bonds with an aggregate principal amount of up to HK\$250,000,000, comprising Tranche 1 of principal amount up to HK\$160,000,000 (the “Tranche 1 Convertible Bonds”) and Tranche 2 of principal amount of up to HK\$90,000,000 (the “Tranche 2 Convertible Bonds”), subject to certain conditions. On 4 October 2010, with the fulfilment of all conditions required for Tranche 1 Convertible Bonds, the Company issued the Tranche 1 Convertible Bonds, HK\$156,000,000 of which was used to finance the repurchase of the convertible bonds previously issued in March 2006 as detailed in the Company’s 2010 Annual Report. On 30 March 2011, with the fulfillment of all conditions required for Tranche 2 Convertible Bonds, the Company further issued the Tranche 2 Convertible Bonds, the proceeds of which was used to finance the purchase of the office premises together with the bank loan (Note 20 to the unaudited condensed interim financial information).

The Tranche 1 and Tranche 2 Convertible Bonds are denominated in Hong Kong dollars and are convertible at the option of the bondholder(s) at any time after the date of issuance up to and including the date which is seven days prior to the maturity date of 4 October 2015, into new shares of the Company at a price of HK\$0.18 per share initially, subject to the conversion price reset where at the end to 6-month period from the date of issuance 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 with a floor of HK\$0.78 per share and provided that the conversion price shall not in any event be higher than the lower of HK\$1.80 per share and the previous adjusted conversion price reset. The Tranche 1 and Tranche 2 Convertible Bonds are transferable without restriction and may be redeemed by the Company after the date of issuance at the early redemption amount, which shall result in an annual yield equal to 3.5% per annum compound on a semi-annual basis, provided that the closing market price of the shares is at least 150% of the conversion price for 30 consecutive trading days. The bondholder(s) of the Tranche 1 and Tranche 2 Convertible Bonds may request the Company to redeem at the aforesaid early redemption amount on or after third anniversary year from 4 October 2010.

In accordance with the terms and conditions thereof, the conversion price was reset on 4 April 2011, 4 October 2011 and 4 April 2013, and the prevailing conversion price is HK\$0.78 per share as reset on 4 April 2013.

The Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds recognised in the statement of financial position at the date of issuance on 4 October 2010 and 30 March 2011 respectively are calculated as follows:

	<b>Tranche 2 Convertible Bonds</b> <i>US\$'000</i>	<b>Tranche 1 Convertible Bonds</b> <i>US\$'000</i>
Face value of Convertible Bonds issued	11,538	20,513
Transaction costs	<u>(86)</u>	<u>(310)</u>
Net proceeds	11,452	20,203
Financial liabilities at fair value through profit or loss	<u>(2,957)</u>	<u>(4,969)</u>
Liability component on initial recognition upon issuance of Convertible Bonds, i.e. 30 March 2011/4 October 2010	<u>8,495</u>	<u>15,234</u>

The carrying values of the liability component of the convertible bonds recognised in the statement of financial position at the end of the reporting period are as follows:

	<b>Unaudited 30 June 2013</b> <i>US\$'000</i>	Audited 31 December 2012 <i>US\$'000</i>
Net carrying amounts at 1 January	25,112	26,573
Effective interest expense for the period/year ( <i>Note 8</i> )	1,239	2,429
Conversion during the period*	<u>–</u>	<u>(3,890)</u>
<b>Net carrying amounts at 30 June/31 December</b>	<u><b>26,351</b></u>	<u>25,112</u>

\* During the year ended 31 December 2012, a total principal amount of HK\$35,000,000 of Tranche 1 Convertible Bonds had been converted into 37,634,408 ordinary shares of the Company at the conversion price of HK\$0.93 per share, representing 27.32% of the total issued ordinary share capital of the Company, resulting in a remaining principal amount of HK\$125,000,000 and HK\$90,000,000 of Tranche 1 and Tranche 2 Convertible Bonds respectively.

The interest expense of the Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds for the six months ended 30 June 2013 is calculated using the effective interest method by applying an effective interest rate of 9.43% (31 December 2012: 9.43%) and 10.95% (31 December 2012: 10.95%) to the liability component respectively.

The residual amount of the proceeds of the Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds over the fair value of the embedded derivatives, estimated at the date of issuance using Binomial Option Pricing Model, is assigned as the liability component.

## 24. NOTE PAYABLE

On 29 May 2013, the Company issued a promissory note of principal amount of HK\$1,810,000 (approximately US\$232,000) to Crosby Management Holdings Limited (“CMHL”), which is 96.7% owned by a director of Shikumen Capital Management (HK) Limited, a wholly owned subsidiary of the Company.

The promissory note, disclosed as note payable, was unsecured, interest bearing at 3.5% per annum payable in arrears and repayable after a fixed term of 2 years from the date of issuance or earlier based on certain conditions. It was partly repaid by offsetting the consideration for the disposal of certain subsidiaries to CMHL as detailed in Notes 30 and 31 to the unaudited condensed interim financial information.

## 25. SHARE CAPITAL

	Number of ordinary shares	Number of redeemable convertible preference shares	Value US\$'000
<b>Authorised</b> (par value of US\$0.01 each)			
<b>At 30 June 2013 and 31 December 2012</b>	<b><u>19,000,000,000</u></b>	<b><u>1,000,000,000</u></b>	<b><u>200,000</u></b>
<b>Issued and fully paid</b> (par value of US\$0.01 each)			
<b>At 30 June 2013 and 31 December 2012</b>	<b><u>137,779,206</u></b>	<b><u>10,019,790</u></b>	<b><u>1,378</u></b>

## 26. RESERVES

	Unaudited 30 June 2013 US\$'000	Audited 31 December 2012 US\$'000
Share premium	438	438
Capital reserve	271	271
Capital redemption reserve	77	77
Employee share-based compensation reserve	4,542	4,430
Investment revaluation reserve	(5)	218
Foreign exchange reserve	21	6
Accumulated losses	<u>(26,991)</u>	<u>(24,431)</u>
<b>Total</b>	<b><u>(21,647)</u></b>	<b><u>(18,991)</u></b>



## 27. MATERIAL RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in the unaudited condensed interim financial information, the Group had the following material related party transactions:

- (a) During the period, the material related party transactions and balances were:

	<b>Unaudited Six months ended 30 June 2013 US\$'000</b>	Unaudited Six months ended 30 June 2012 US\$'000
Fee rebate paid and payable to key management staff of the Group	<u>71</u>	<u>179</u>

- (b) As at 30 June 2013 and 31 December 2012, the balances with related parties were:

	<b>Unaudited 30 June 2013 US\$'000</b>	Audited 31 December 2012 US\$'000
Fee rebate payable to key management staff of the Group	<u>143</u>	<u>181</u>

## 28. COMMITMENTS

### (a) Operating leases

As at 30 June 2013, the total future minimum lease payments of the Group under non-cancellable operating are payable as follows:

	Unaudited 30 June 2013	Audited 31 December 2012	Unaudited 30 June 2013	Audited 31 December 2012	Unaudited 30 June 2013	Audited 31 December 2012	Unaudited 30 June 2013	Audited 31 December 2012
	Land and building US\$'000	Land and building US\$'000	Motor vehicle US\$'000	Motor vehicle US\$'000	Office equipment US\$'000	Office equipment US\$'000	Total US\$'000	Total US\$'000
Within one year	-	275	-	7	3	9	3	291
In the second to fifth years	-	-	-	-	-	-	-	-
	<u>-</u>	<u>275</u>	<u>-</u>	<u>7</u>	<u>3</u>	<u>9</u>	<u>3</u>	<u>291</u>

### (b) Capital commitments

As at 30 June 2013 and 31 December 2012, the Group had no material capital commitments.

## 29. CONTINGENCIES

The Company and Shikumen Capital Management (HK) Limited, its wholly owned subsidiary, have provided corporate guarantees of unlimited amount and HK\$30,000,000 (approximately US\$3,846,000) respectively to secure the bank loan granted to another wholly owned subsidiary of the Company, HK\$26,075,000 (approximately US\$3,343,000) (31 December 2012: HK\$26,993,000, approximately US\$3,461,000) of which the maximum amount required to pay if the guarantees were called on, as set out in Note 20 to the unaudited condensed interim financial information. The Company had not recognised any provision in the unaudited condensed interim financial information as at 30 June 2013 (31 December 2012: Nil) in respect of the corporate guarantee as the Directors considered that the probability for the holder of the corporate guarantees to call upon the Company as a result of default in repayment is remote.

Save as disclosed above, the Group had no material contingent liabilities as at 30 June 2013 and 31 December 2012.

## 30. MAJOR NON-CASH TRANSACTIONS

During the six months ended 30 June 2013, the following major non-cash transactions occurred:

- (i) Certain subsidiaries were disposed to Crosby Management Holdings Limited (“CMHL”), which is 96.7% owned by a director of a wholly owned subsidiary of the Company, at a total consideration of US\$29,000, which was offset against the note payable to CMHL; and
- (ii) Certain subsidiaries were disposed to companies beneficially owned by Mr. Johnny Chan Kok Chung, a former director of the Company, at a total consideration of US\$1,048,000, US\$759,000 of which was offset against the deferred salary and bonus payable to him.

Details of the aforesaid disposals are set out in Note 31 to the unaudited condensed interim financial information.

### 31. DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2013, the Group had the following major disposal of subsidiaries:

1. On 13 June 2013, the Group disposed to Crosby Management Holdings Limited, which is 96.7% owned by a director of Shikumen Capital Management (HK) Limited, a wholly owned subsidiary of the Company, its entire interests in Crosby Securities Limited and Steeple Capital Limited; and
2. On 26 June 2013, the Group disposed to companies beneficially owned by Mr. Johnny Chan Kok Chung, a former director of the Company, its entire interests in Crosby Asset Management (Asia) Limited and its subsidiaries (including JAIC-CROSBY Investment Management Company Limited, a jointly controlled entity of the Company), techpacific.com (BVI) Investments Limited and techpacific.com Investments Limited and its subsidiary.

	<b>13 June 2013</b>	<b>26 June 2013</b>	<b>Total</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>The net assets of subsidiaries disposed of:</b>			
Property, plant and equipment	8	4	<b>12</b>
Interests in jointly controlled entities	–	251	<b>251</b>
Available-for-sale investments	–	299	<b>299</b>
Intangible assets	–	5	<b>5</b>
Trade and other receivables	72	33	<b>105</b>
Financial assets at fair value through profit or loss	–	25	<b>25</b>
Cash and cash equivalents	654	486	<b>1,140</b>
Trade and other payables	(38)	(77)	<b>(115)</b>
Note payable	(644)	(61)	<b>(705)</b>
	52	965	<b>1,017</b>
<b>Gain/(Loss) on disposal of subsidiaries (Note 6)</b>	<b>(23)</b>	<b>83</b>	<b>60</b>
<b>Total consideration</b>	<b>29</b>	<b>1,048</b>	<b>1,077</b>
<b>Satisfied by:</b>			
Cash	–	289	<b>289</b>
Note payable (Note 30)	29	–	<b>29</b>
Deferred salary and bonus (Note 30)	–	759	<b>759</b>
	<b>29</b>	<b>1,048</b>	<b>1,077</b>

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks, which are the same as those detailed in the Company's 2012 Annual Report, which are managed through all the Executive Directors of the Company collectively in close cooperation with the Board of Directors.

## 33. FAIR VALUE MEASUREMENT

### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2013 and 31 December 2012.

	<b>Level 1</b> <i>US\$'000</i>	<b>Level 2</b> <i>US\$'000</i>	<b>Level 3</b> <i>US\$'000</i>	<b>Total</b> <i>US\$'000</i>
<b>At 30 June 2013</b>				
<b>Recurring fair value measurement</b>				
Financial assets:				
Available-for-sale investments				
– Unlisted	–	280	–	280
	<hr/>	<hr/>	<hr/>	<hr/>
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
	–	(5,324)	–	(5,324)
	<hr/>	<hr/>	<hr/>	<hr/>

	<b>Level 1</b> <i>US\$'000</i>	<b>Level 2</b> <i>US\$'000</i>	<b>Level 3</b> <i>US\$'000</i>	<b>Total</b> <i>US\$'000</i>
<b>At 31 December 2012</b>				
<b>Recurring fair value measurement</b>				
Financial assets:				
Available-for-sale investments				
– Unlisted	–	571	–	571
Financial assets at fair value through profit or loss				
– Listed	30	–	–	30
	<u>30</u>	<u>571</u>	<u>–</u>	<u>601</u>
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
	<u>–</u>	<u>(6,039)</u>	<u>–</u>	<u>(6,039)</u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

During the six months ended 30 June 2013, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (2012: Nil). The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

## DISCLOSURE OF INTERESTS

### (a) Directors

As at 30 June 2013, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

#### (i) *Interests in the ordinary shares of the Company*

Name of 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 %
Robert John Richard Owen ( <i>Note</i> )	-	-	1,065,576	1,065,576	0.77
Ulric Leung Yuk Lun	11,000	-	-	11,000	0.01

*Note:* Mr. Robert John Richard Owen resigned as Non-Executive Director of the Company on 8 August 2013.

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

Name of Directors	Personal interest	Family interest	Corporate interest	Aggregate long position in RCPS of the Company	Percentage which the aggregate long position in RCPS represents to the total RCPS of the Company in issue %
Ulric Leung Yuk Lun ( <i>Note 1</i> )	850,000	–	–	850,000	8.48
Douglas Craham Morin ( <i>Notes 2 &amp; 3</i> )	–	800,000	–	800,000	7.98

*Notes:*

1. Mr. Ulric Leung Yuk Lun owns 850,000 RCPS of the Company which can be convertible into 14,733,333 ordinary shares at conversion price of HK\$0.90 per share (reset on 14 March 2013) upon full conversion, representing 10.69% of the total ordinary share capital of the Company in issue.
2. Ms. Tse Kwar Mei held 800,000 RCPS of the Company through her 100% interest in Kimta Limited, which can be convertible into 13,866,666 ordinary shares at conversion price of HK\$0.90 per share (reset on 14 March 2013) upon full conversion, representing 10.06% of the total ordinary share capital of the Company in issue. Ms. Tse Kwar Mei is the wife of Mr. Douglas Craham Morin and accordingly, he is deemed to have interests in her shares.
3. Mr. Douglas Craham Morin resigned as Executive Director of the Company on 2 July 2013.

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

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

(a) Outstanding options

Name of Directors	Date of grant (dd/mm/yyyy)	Exercise price HK\$	Exercise period (dd/mm/yyyy)	Balance as at 1 January 2013	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Balance as at 30 June 2013
Robert John Richard Owen ( <i>Note 1</i> )	11/02/2008	13.337	11/02/2009 to 10/02/2018	33,739	-	-	-	33,739
	14/05/2012	1.136	14/05/2013 to 13/05/2022	980,000	-	-	-	980,000
				<u>1,013,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,013,739</u>
Jeffrey Lau Chun Hung	07/10/2010	1.171	07/10/2011 to 06/10/2020	404,878	-	-	-	404,878
	16/03/2012	1.206	16/03/2013 to 15/03/2022	580,000	-	-	-	580,000
				<u>984,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>984,878</u>
Ulric Leung Yuk Lun	07/10/2010	1.171	07/10/2011 to 06/10/2020	202,439	-	-	-	202,439
	16/03/2012	1.206	16/03/2013 to 15/03/2022	580,000	-	-	-	580,000
				<u>782,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>782,439</u>
David John Robinson Herratt ( <i>Note 2</i> )	16/03/2012	1.206	16/03/2013 to 15/03/2022	170,000	-	-	-	170,000

*Notes:*

1. Mr. Robert John Richard Owen resigned as Non-Executive Director of the Company on 8 August 2013.
2. Mr. David John Robinson Herratt resigned as Independent Non-Executive Director of the Company on 2 July 2013.



(b) Outstanding convertible bonds

Name of Director	Conversion price	Aggregate long position in underlying shares of the Company	Percentage which the aggregate long position in underlying shares of the Company represents to the total ordinary share capital of the Company in issue %
Ulric Leung Yuk Lun ( <i>Note</i> )	HK\$0.78	6,410,256	4.65

*Note:* Mr. Ulric Leung Yuk Lun owns convertible bonds for a principal sum of HK\$5,000,000 which can be convertible into 6,410,256 ordinary shares at conversion price of HK\$0.78 per share (reset on 4 April 2013) upon full conversion.

(iv) *Short positions*

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

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

**(b) Substantial Shareholders and Other Persons**

As at 30 June 2013, the following persons, other than the Directors or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

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

Name	Aggregate long position in ordinary shares	Aggregate long position in underlying shares of the Company	The total long position in ordinary shares and underlying shares to the total ordinary share capital of the Company in issue %
<b>Substantial Shareholders</b>			
Main Wealth Enterprises Limited (Note 1)	28,466,576	46,153,846	54.16
Proven Bravo Limited (Note 1)	28,466,576	46,153,846	54.16
Feng Yuantao (Note 1)	28,466,576	46,153,846	54.16
Wu Yiu Fai (Note 2)	34,540,000	20,512,820	39.95
Platinum Century Limited (Note 3)	15,000,000	33,512,820	35.21
Tam Yuk Ching Jenny (Note 3)	15,000,000	33,512,820	35.21
<b>Other Persons</b>			
Nelson Tang Yu Ming (Notes 4 and 5)	–	100,400,813	72.87
Crosby Management Holdings Limited (Note 4)	–	98,800,000	71.71
Greyhound International Limited (Note 6)	–	51,282,051	37.22
James Wu Ting Fai (Note 6)	–	51,282,051	37.22
Unlimited Creativity Holdings Limited (Note 7)	–	24,358,974	17.68
Kimta Limited (Note 8)	–	13,866,666	10.06
Tse Kwar Mei (Note 8)	–	13,866,666	10.06
Everland Group Limited (Note 9)	–	8,666,666	6.29
Wong Yun Sang (Note 9)	–	8,666,666	6.29

*Notes:*

1. Main Wealth Enterprises Limited (“Main Wealth”) owns 28,466,576 ordinary shares of the Company and 46,153,846 underlying shares, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$36,000,000 at conversion price of HK\$0.78 per share (reset on 4 April 2013). The entire issued share capital of Main Wealth is held by Proven Bravo Limited, which in turn is beneficially wholly owned by Mr. Feng Yuantao. Accordingly, he is deemed to be interested in these shares through his 100% indirect interests in Main Wealth.
2. Mr. Wu Yiu Fai owns 34,540,000 ordinary shares of the Company and 20,512,820 underlying shares, which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$16,000,000 at conversion price of HK\$0.78 per share (reset on 4 April 2013).
3. Platinum Century Limited (“Platinum Century”) owns 15,000,000 ordinary shares and 750,000 RCPS of the Company. Platinum Century also owns 33,512,820 underlying shares, out of which 20,512,820 ordinary shares will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$16,000,000 at conversion price of HK\$0.78 per share (reset on 4 April 2013); and 13,000,000 ordinary shares will be allotted and issued upon full conversion of 750,000 RCPS at conversion price of HK\$0.90 per share (reset on 14 March 2013). Ms. Tam Yuk Ching Jenny is deemed to be interested in these shares through her 100% interests in Platinum Century.
4. Crosby Management Holdings Limited (“Crosby Management”) owns 5,700,000 RCPS of the Company which can be convertible into 98,800,000 ordinary shares at conversion price of HK\$0.90 per share (reset on 14 March 2013) upon full conversion. Crosby Management is beneficially owned as to 96.7% by Mr. Nelson Tang Yu Ming who is entitled to exercise more than 30% of the voting power at the general meetings of Crosby Management and, accordingly, he is deemed to be interested in these shares owned by Crosby Management.
5. Mr. Nelson Tang Yu Ming was granted 620,813 options at an exercise price of HK\$1.171 per share and 980,000 options at an exercise price of HK\$1.206 per share to subscribe for shares of the Company on 7 October 2010 and 16 March 2012 respectively.
6. Greyhound International Limited (“Greyhound International”) owns 51,282,051 underlying shares which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$40,000,000 at conversion price of HK\$0.78 per share (reset on 4 April 2013). Mr. James Wu Ting Fai is deemed to be interested in these shares through his 100% interests in Greyhound International.
7. Unlimited Creativity Holdings Limited owns 24,358,974 underlying shares which will be allotted and issued upon full conversion of the outstanding convertible bonds for a principal sum of HK\$19,000,000 at conversion price of HK\$0.78 per share (reset on 4 April 2013).
8. Ms. Tse Kwar Mei held 800,000 RCPS of the Company through her 100% interest in Kimta Limited (“Kimta”), which can be convertible into 13,866,666 ordinary shares at conversion price of HK\$0.90 per share (reset on 14 March 2013) upon full conversion. Ms. Tse Kwar Mei is the wife of Mr. Douglas Craham Morin and accordingly, he is deemed to be interested in these shares through her 100% interests in Kimta.
9. Everland Group Limited (“Everland Group”) owns 500,000 RCPS of the Company, which can be convertible into 8,666,666 ordinary shares at conversion price of HK\$0.90 per share (reset on 14 March 2013) upon full conversion. Mr. Wong Yun Sang is deemed to be interested in these shares through his 100% interests in Everland Group.

(ii) *Short positions*

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

Save as disclosed above, as at 30 June 2013, the Directors of the Company were not aware of any other person who had an interest or short position in the Shares and Underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at 30 June 2013, no other person had interests which were recorded in the register required to be kept under section 336 of the SFO.

(c) **Share Options**

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

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

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

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

Date of grant (dd/mm/yyyy)	Exercise price HK\$	Exercise period (dd/mm/yyyy)	Number of Share Options				
			Balance as at 1 January 2013	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance as at 30 June 2013
24/03/2006	57.054	24/03/2007 to 23/03/2016	269,916	-	-	-	269,916
26/04/2006	57.054	26/04/2007 to 25/04/2016	809,756	-	-	-	809,756
29/01/2007	27.045	29/01/2008 to 28/01/2017	134,956	-	-	-	134,956
11/02/2008	13.337	11/02/2009 to 10/02/2018	708,543	-	-	-	708,543
29/12/2008	1.334	29/12/2009 to 28/12/2018	269,916	-	-	-	269,916
07/10/2010	1.171	07/10/2011 to 06/10/2020	2,523,739	-	-	-	2,523,739
16/03/2012	1.206	16/03/2013 to 15/03/2022	4,905,000	-	-	-	4,905,000
14/05/2012	1.136	14/05/2013 to 13/05/2022	980,000	-	-	-	980,000
			<u>10,601,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,601,826</u>

No option was lapsed upon expiry of the life of the options during the six months ended 30 June 2013.

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

**(d) Competing Interests**

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

## AUDIT COMMITTEE

The Company established an audit committee on 31 March 2000 with the written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises three independent non-executive directors, Messrs. Anthony Yuen Koon Tung, Johnny Fok Ka Chi and Yuen Kwok On. The primary duties of the audit committee are to review and supervise the Company's financial reporting process and internal control systems.

The audit committee meets at least quarterly with the most recent meeting held on 8 August 2013. The unaudited condensed interim financial information of the Company for the six months ended 30 June 2013 has been reviewed by the audit committee.

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

The Company has not redeemed any of its shares during the six months ended 30 June 2013 and 30 June 2012. Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the six months ended 30 June 2013 and 30 June 2012.

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

Hong Kong, 8 August 2013

*As at the date of this announcement, the Directors of the Company are:*

*Executive Directors:* Jeffrey Lau Chun Hung, Ulric Leung Yuk Lun,  
Liu Guang He, Clive Ng Cheang Neng, Stephen  
Shiu Junior and Nelson Tong Naiyi

*Independent Non-Executive Directors:* Raymond Chan Chi Chuen, Johnny Fok Ka Chi,  
Shi Jinsheng, Sin Hendrick, Anthony Yuen Koon  
Tung and Yuen Kwok On

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of Crosby Capital Limited at [www.crosbycapitallimited.com](http://www.crosbycapitallimited.com).*