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CROSBY
CROSBY CAPITAL LIMITED
(高誠資本有限公司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8088)

PROPOSED BONUS ISSUE OF SHARES
AND
CHANGE OF BOARD LOT SIZE

PROPOSED BONUS ISSUE OF SHARES

The Board proposes a Bonus Issue to the Qualifying Shareholders on the basis of five (5) Bonus Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date. The Bonus Shares, upon allotment and issue, will be credited as fully paid at par by way of capitalisation of an amount equal to the total par value of the Bonus Shares standing to the credit of the share premium account of the Company.

The register of members of the Company will be closed from Wednesday, 14 January 2015 to Friday, 16 January 2015, both days inclusive, to ascertain and determine the entitlement of the Shareholders under the Bonus Issue. To qualify for the Bonus Issue, any transfer of Shares must be lodged for registration no later than 4:30 p.m., Tuesday, 13 January 2015.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares.

* *for identification purposes only*

CHANGE OF BOARD LOT SIZE

Subject to the fulfillment of the conditions as set out under the section headed “Conditions of the Bonus Issue” of this announcement, the board lot size for trading in the Shares on GEM will be changed from 4,000 Shares to 8,000 Shares with effect from 9:00 a.m. on Wednesday, 28 January 2015.

GENERAL

An EGM will be convened to consider and, if thought fit, approve the proposed Bonus Issue.

A circular containing, among other things, details of the Bonus Issue and the Change in Board Lot Size, together with the notice of the EGM will be despatched to the Shareholders on or before 19 December 2014.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and should note that the total asset value of the Company will not be affected as a result of the Bonus Issue.

PROPOSED BONUS ISSUE OF SHARES

The Board proposes a Bonus Issue to the Qualifying Shareholders on the basis of five (5) Bonus Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date. The Bonus Shares, upon allotment and issue, will be credited as fully paid at par by way of capitalisation of an amount equal to the total par value of the Bonus Shares standing to the credit of the share premium account of the Company. The terms and conditions of the Bonus Issue are set out below.

Basis of Bonus Issue

Subject to the conditions set out under the paragraph headed “Conditions of the Bonus Issue” below having been fulfilled, the Bonus Shares will be issued and credited as fully paid at par on the basis of five (5) Bonus Shares for every one (1) existing Share held by the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date.

On the basis of 472,155,057 existing Shares in issue as at the date of this announcement, and assuming no further Shares will be issued or repurchased before the Record Date, it is anticipated that 2,360,775,285 Bonus Shares will be allotted and issued under the Bonus Issue. The Bonus Shares will be credited as fully paid at par by way of capitalisation of the amount equal to the total par value of the Bonus Shares standing to the credit of the share premium account of the Company. After the completion of the Bonus Issue, there will be a total of 2,832,930,342 Shares in issue as enlarged by the allotment and issue of the Bonus Shares.

Adjustments of Share Options exercise price and Zero Coupon Convertible Bonds, RCPS and 5% Coupon Convertible Bonds conversion price

As at the date of this announcement, the Company has:

- (i) 33,718,103 outstanding share options (the “**Share Options**”) entitling the holders thereof to subscribe for a total of 33,718,103 Shares at various exercise prices ranging from HK\$0.94 per Share to HK\$57.054 per Share (subject to adjustments, if any);
- (ii) zero coupon convertible bonds (the “**Zero Coupon Convertible Bonds**”) with the outstanding principal amount of approximately HK\$21,000,000 entitling the holders thereof to convert for a total of 27,631,578 at the conversion price of HK\$0.76 per Share (subject to adjustments);
- (iii) redeemable convertible preference shares (the “**RCPS**”) with the outstanding principal amount of approximately US\$979,979 entitling the holders thereof to convert for a total of 193,514,840 at the conversion price of HK\$0.79 per Share (subject to adjustments); and
- (iv) five per cent. coupon convertible bonds (the “**5% Coupon Convertible Bonds**”) with the outstanding principal amount of approximately HK\$175,000,000 entitling the holders thereof to convert for a total of 218,750,000 at the conversion price of HK\$0.80 per Share (subject to adjustments).

Under the relevant terms and conditions of the Share Options, the Zero Coupon Convertible Bonds, the RCPS and the 5% Coupon Convertible Bonds, the Bonus Issue may lead to adjustments to the exercise price and/or conversion price and/or the number of Shares falling to be issued upon the exercise of the Share Options and the conversion rights of the Zero Coupon Convertible Bonds, the RCPS and/or the 5% Coupon Convertible Bonds. The Company will inform the holders of the Share Options, the Zero Coupon Convertible Bonds, the RCPS and/or the 5% Coupon Convertible Bonds of such adjustments by announcement, as and when appropriate.

Save for the Share Options, the Zero Coupon Convertible Bonds, the RCPS and the 5% Coupon Convertible Bonds, the Company does not have any options outstanding under any share option schemes of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement.

Conditions of the Bonus Issue

The Bonus Issue is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at the EGM approving the Bonus Issue;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Bonus Shares; and
- (c) the compliance with the relevant legal procedures and requirements under the GEM Listing Rules and the laws of Cayman Islands (if any) to effect the Bonus Issue.

Application for listing of Bonus Shares

An application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Bonus Shares to be issued pursuant to the Bonus Issue. As at the date of this announcement, there is no equity or debt securities of the Company listed or dealt in on any stock exchange other than the Stock Exchange or is listing or permission to deal in the equity or debt securities being or proposed to be sought from any stock exchange other than the Stock Exchange.

The new Bonus Shares are not new class of securities to be listed and accordingly no arrangements are required to be made to enable the new Bonus Shares to be admitted into CCASS.

Status of the Bonus Shares and fractional entitlements

The Bonus Shares, upon allotment and issue, will rank pari passu with the Shares then existing in all respects, including the entitlement of receiving dividends and other distributions the record date for which is on or after the date of allotment and issue of those Bonus Shares.

On the basis of five (5) Bonus Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlement will arise.

Record Date and closure of register of members

The Bonus Shares will only be allotted and issued to the Qualifying Shareholders. Arrangement for the Non-Qualifying Shareholders are further elaborated in the section headed “Overseas Shareholders” below. The register of members of the Company will be closed from Wednesday, 14 January 2015 to Friday, 16 January 2015, both days inclusive, during which no transfer of Shares will be registered, in order to determine the entitlement of the Shareholders under the Bonus Issue.

Shareholders are reminded that in order to qualify for the Bonus Issue, they must ensure that all transfers accompanied by the relevant share certificates are lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m., Tuesday, 13 January 2015.

The exact total number of Bonus Shares to be issued under the Bonus Issue will not be capable of determination until the Record Date.

Overseas Shareholders

As at 30 November 2014, based on the register of members of the Company, the Company has thirteen (13) Overseas Shareholders whose registered addresses are located in Canada, United Kingdom, Singapore, Sweden and the United States of America. Enquiries will be made by the Board pursuant to Rule 17.41(1) of the GEM Listing Rules for those Overseas Shareholders. Upon such enquiry, if the Board is of the view that the exclusion of the Overseas Shareholders is necessary or expedient, the Bonus Shares will not be granted to the Non-Qualifying Shareholders. In such circumstances, arrangements will be made for the Bonus Shares which would otherwise have been issued to the Non-Qualifying Shareholders, if any, to be sold in the market as soon as practicable after dealing in the Bonus Shares commences. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Non-Qualifying Shareholders, if any, pro rata to their respective shareholdings and remittances therefore will be posted to them, at their own risk, unless the amount falling to be distributed to any such persons is less than HK\$100.00, in which case it will be retained for the benefit of the Company.

Certificates for Bonus Shares

It is expected that certificates for the Bonus Shares will be posted by ordinary post on Tuesday, 27 January 2015 after all the conditions have been fulfilled at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company on the Record Date. Dealings in the Bonus Shares are expected to commence on Wednesday, 28 January 2015. Each Shareholder will receive one (1) share certificate for all entitled Bonus Shares.

CHANGE IN BOARD LOT SIZE

In order to increase the value of each board lot of the Shares after the Bonus Issue, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes to change the board lot size for trading in the Shares from 4,000 Shares to 8,000 Shares with effect from 9:00 a.m. on Wednesday, 28 January 2015, subject to the fulfillment of the conditions of the Bonus Issue as set out in the section headed “Conditions of the Bonus Issue” above.

Based on the closing price of HK\$2.23 per existing Share as quoted on the Stock Exchange as at the date of this announcement (equivalent to a theoretical ex-entitlement price of approximately HK\$0.3717 per Share upon the allotment of the Bonus Shares), the market value of each board lot of 4,000 Shares is estimated to be approximately HK\$1,487 upon the allotment of the Bonus Shares. With the Change in Board Lot Size to be implemented by the Board, the market value per board lot of 8,000 (instead of 4,000) Shares is estimated to be approximately HK\$2,974, based on the theoretical ex-entitlement price of approximately HK\$0.3717 per Share. Save as disclosed herein, the Change in Board Lot Size will not affect the rights of the Shareholders. Dealing in the Shares on the Stock Exchange in the new board lot size of 8,000 Shares is expected to commence at 9:00 a.m. on Wednesday, 28 January 2015.

The Change in Board Lot Size will not be expected to result in any odd lots other than those that already exist as one (1) existing board lot of 4,000 existing Shares will become three (3) new board lots of 8,000 Shares.

REASONS FOR AND BENEFITS OF THE PROPOSED BONUS ISSUE AND CHANGE IN BOARD LOT SIZE

The Board proposes the Bonus Issue in recognition of the continual support of the Shareholders and will also enhance the liquidity of the Shares in the market and thereby enlarge the shareholder and capital base of the Company. The Directors are of the view that the Bonus Issue will allow the Shareholders to participate in the business growth of the Company by way of capitalisation of a portion of the share premium account and be a return to the long-term support of the Shareholders.

Based on the closing price of HK\$2.23 per existing Share as quoted on the Stock Exchange on the date of this announcement, the market value per board lot of 4,000 existing Shares is

HK\$8,920. After effecting the Bonus Issue and the Change in Board Lot Size, the estimated market value per board lot of 8,000 Shares will be theoretically lowered to approximately HK\$2,974 as explained in the section headed “Change in Board Lot Size” above.

The Board believes that the Change in Board Lot Size will help to reduce the overall transaction costs for dealing in the Shares which are calculated on per board lot basis. Accordingly, the Board considers that the implementation of the Bonus Issue together with the Change in Board Lot Size is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EXPECTED TIMETABLE FOR THE PROPOSED BONUS ISSUE AND CHANGE IN BOARD LOT SIZE

The expected timetable relating to the Bonus Issue and Change in Board Lot Size is as follows:

Event	Date and Time (Hong Kong time)
Despatch of the circular (including the notice of the EGM) and the related form of proxy to the Shareholders	on or before Friday, 19 December 2014
Latest time for lodging form of proxy for EGM (in any event not less than 48 hours prior to time appointed for the holding of the EGM or any adjournment thereof)	10:30 a.m., Tuesday, 6 January 2015
Expected date and time of EGM	10:30 a.m., Thursday, 8 January 2015
Publication of the announcement of the results of the EGM in respect of the approval of the Bonus Issue	Thursday, 8 January 2015
Last day of trading in Shares on a cum-entitlement basis	Friday, 9 January 2015
First day of trading in Shares on an ex-entitlement basis	Monday, 12 January 2015

Latest time for lodging transfer forms of Shares to qualify for the Bonus Issue	4:30 p.m., Tuesday, 13 January 2015
Closure of register of members	Wednesday, 14 January 2015 to Friday, 16 January 2015 (both days inclusive)
Record Date	Friday, 16 January 2015
Register of members re-opens	Monday, 19 January 2015
Despatch of share certificates for Bonus Shares	Tuesday, 27 January 2015
Last day for trading of the Shares in board lot of 4,000 Shares	Tuesday, 27 January 2015
Dealings in Bonus Shares commence	Wednesday, 28 January 2015
Effective date and time of change in board lot size from 4,000 Shares to 8,000 Shares	9:00 a.m., Wednesday, 28 January 2015

The expected timetable above is indicative only and may be subject to change by the Company. The Company will make further announcement(s) if such changes are made as and when appropriate.

GENERAL

An EGM will be convened to consider and, if thought fit, approve the proposed Bonus Issue.

To the best knowledge, belief and information of the Directors having made all reasonable enquiries, no Shareholder is required under the Listing Rules to abstain from voting on the resolution regarding the Bonus Issue at the EGM.

A circular containing, among other things, details of the Bonus Issue and Change in Board Lot Size, together with the notice of the EGM will be despatched to the Shareholders on or before 19 December 2014.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and should note that the total asset value of the Company will not be affected as a result of the Bonus Issue.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise.

“Board”	the board of Directors
“Bonus Issue”	the proposed issue of Bonus Shares to the Qualifying Shareholder(s) on the basis of five (5) Bonus Shares for every one (1) existing Share held on the Record Date
“Bonus Share(s)”	new Shares to be allotted and issued under the Bonus Issue by the Company
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Change in Board Lot Size”	the proposed change in board lot size for trading in the Shares on GEM from 4,000 Shares to 8,000 Shares
“Company”	Crosby Capital Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company proposed to be convened and held for the Shareholders to consider and, if thought fit, approve the proposed Bonus Issue
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) who is/are excluded from the Bonus Issue and as defined and more particularly described in the section headed “Overseas Shareholders” in this announcement

“Overseas Shareholder(s)”	Shareholder(s) whose address as shown on the register of members of the Company on the Record Date is/are outside Hong Kong
“Qualifying Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company on the Record Date (excluding the Non-Qualifying Shareholder(s)) and who are entitled to the Bonus Issue
“Record Date”	Friday, 16 January 2015, being the record date for the purpose of determination of entitlement to the Bonus Issue of each Qualifying Shareholder
“Share(s)”	ordinary share(s) of nominal value of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America

By order of the Board
CROSBY CAPITAL LIMITED
Wu King Shiu, Kelvin
Executive Director

Hong Kong, 10 December 2014

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

Executive Directors: Chang Tat Joel, Ho Gilbert Chi Hang, Huang Kenian, Wang Dayong and Wu King Shiu, Kelvin

Non-Executive Director: Stephen Shiu Junior

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

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

This announcement will remain on the GEM website at 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 the Company at www.crosbycapitallimited.com.