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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)

(1) DISCLOSEABLE AND CONNECTED TRANSACTION

(2) CHANGE IN THE COMPOSITION OF THE BOARD OF DIRECTORS

THE DISPOSAL AGREEMENT

On 18 March 2013, Mr. Johnny Chan (as purchaser) and the Company (as vendor) entered into the Disposal Agreement pursuant to which the Company has agreed to sell the Sale Companies to an entity or entities wholly-owned by and to be designated by Mr. Johnny Chan for a consideration of HK\$8,177,066. The consideration for the Disposal will be satisfied by way of set-off against the entire outstanding deferred salary and deferred bonus owed by the Group to Mr. Johnny Chan amounting to US\$759,111 (approximately HK\$5,921,066) on a dollar-for-dollar basis and the residual amount of the consideration after set-off of HK\$2,256,000 shall be settled in cash.

CHANGE IN THE COMPOSITION OF THE BOARD OF DIRECTORS

The Board of the Company announces that as a result of the Disposal Mr. Johnny Chan has resigned as an Executive Director with effect from 18 March 2013 in order to dedicate more time to his family affairs and personal investments. He has agreed to continue to advise the Company in the capacity of advisor to the Board with effect on the same date.

* *for identification purposes only*

GENERAL

Mr. Johnny Chan is a connected person of the Company, and as such, the Disposal is a connected transaction of the Company under the GEM Listing Rules. The Disposal is also a discloseable transaction of the Company under the GEM Listing Rules, where the applicable percentage ratios are more than 5% but less than 25%. The Disposal is subject to the announcement and reporting requirements but is exempt from the independent shareholders' approval as the applicable percentage ratios are less than 25% and the total consideration is less than HK\$10,000,000.

THE DISPOSAL AGREEMENT DATED 18 MARCH 2013

Parties

Purchaser: Mr. Johnny Chan

Vendor: The Company

Transaction: Sale and purchase of the Sale Companies.

Mr. Johnny Chan is an Executive Director of the Company, and therefore, he is a connected person of the Company as defined in the GEM Listing Rules.

Consideration and terms of payment

The total consideration for the Sale Companies payable by Mr. Johnny Chan to the Company is HK\$8,177,066 and was determined with reference to the consolidated net asset values of the Sale Companies of approximately US\$986,088 (approximately HK\$7,691,486) as of 8 March 2013. The consideration for the Disposal will be satisfied by way of set-off against the entire amount of the outstanding deferred salary and deferred bonus owed by the Group to Mr. Johnny Chan, which amounted to US\$759,111 (approximately HK\$5,921,066), on a dollar-for-dollar basis. The residual amount of the consideration of about HK\$2,256,000 shall be settled in cash. It was also agreed between the Company and Mr. Johnny Chan that the Group shall have no further liabilities with respect to any payment obligations in his service contracts with the Group dated 4 October 2010 upon the completion of the Disposal Agreement and his resignation as an Executive Director of the Company. Details of the resignation of Mr. Johnny Chan from the Board of the Company are set out in the paragraph "Change in the Composition of the Board of Directors" below.

Conditions of the Disposal Agreement

The Disposal Agreement is conditional upon the parties to the Disposal Agreement having obtained all necessary regulatory approval in relation to the Disposal Agreement.

If the conditions set out above are not fulfilled or are not waived by the parties by mutual agreement on or before 4 October 2013 or such other date as the parties may agree, the Disposal Agreement will cease to be of any further effect and none of the parties to the Disposal Agreement shall have any claims against the other save for any antecedent breach.

Completion of the Disposal Agreement

Completion of the Disposal Agreement will take place on the third business day after the above conditions are fulfilled or otherwise waived by the parties, whichever is earlier or on such other date as the parties may agree. Prior to completion, Mr. Johnny Chan shall designate an entity or entities wholly-owned by him to be his holding compan(ies) for the Sale Companies.

INFORMATION OF THE SALE COMPANIES

Sale Companies	Description of Sale Companies
<p>100% in the issued share capital of CAM Asia.</p> <p>After the Disposal, the Company will not own any shares in CAM Asia and CAM Asia will cease to be a subsidiary of the Company. Accordingly, CAM HK and Softech will also cease to be subsidiaries of the Company while JAIC-CROSBY Investment Management Company Limited will cease to be a jointly-controlled entity of the Company after the Disposal.</p>	<p>CAM Asia is an investing holding company and a wholly-owned subsidiary of the Company.</p> <p>CAM Asia holds (i) 100% of the issued share capital of CAM HK and Softech. CAM HK in turn holds 50% of JAIC-CROSBY Investment Management Company Limited. CAM HK and Softech are SFC-licensed entities providing type 4 and type 9 regulated activities. CAM HK and Softech are investment management vehicles of the Group which used to manage private equity and venture capital funds but they currently have no active investment management mandate. JAIC-CROSBY Investment Management Company Limited currently manages the JAIC-CROSBY Greater China Investment Fund, a Greater-China focused private equity fund.</p> <p>CAM Asia also holds 3,500 shares in JAIC-CROSBY Greater China Investment Fund and the Company will retain a 50% interest in this holding by way of a sub-participation arrangement with CAM Asia.</p>

Sale Companies	Description of Sale Companies
<p>100% in the issued share capital of techpacific.com (BVI) Investments Limited.</p> <p>After the Disposal, the Company will not own any shares in techpacific.com (BVI) Investments Limited which will cease to be a subsidiary of the Company.</p>	<p>techpacific.com (BVI) Investments Limited is an investment holding company which holds minority interests in investments which are the legacy of the Group's previous merchant banking business.</p>
<p>100% in the issued share capital of techpacific.com Investments Limited.</p> <p>After the Disposal, the Company will not own any shares in techpacific.com Investments Limited which will cease to be a subsidiary of the Company. Accordingly, Dragon Fund Inc. will also cease to be a subsidiary of the Company.</p>	<p>techpacific.com Investments Limited is an investment holding company which in turn holds 100% of the issued share capital of Dragon Fund Inc., another investment holding company. Both techpacific.com Investments Limited and Dragon Fund Inc. hold minority interests in investments which are the legacy of the Group's previous merchant banking business.</p>

Below is the consolidated profit/loss of the Sale Companies based on the audited financial results of the Group for the years ended 31 December 2011 and 31 December 2012 (after eliminating inter-company transactions) and the unaudited consolidated net asset value of the Sale Companies as of 8 March 2013.

	For the year ended 31 December 2011 <i>US\$'000</i>	For the year ended 31 December 2012 <i>US\$'000</i>
Consolidated Profit/(Loss) before taxation		
CAM Asia	(161)	(232)
techpacific.com (BVI) Investments Limited	14	(1)
techpacific.com Investments Limited	(178)	(34)
Consolidated Profit/(Loss) after taxation		
CAM Asia	(161)	(232)
techpacific.com (BVI) Investments Limited	14	(1)
techpacific.com Investments Limited	(178)	(34)
Consolidated Net Asset Value (as of 8 March 2013)		<i>US\$'000</i>
CAM Asia (adjusting for 50% interest in its holding in JAIC-CROSBY Greater China Investment Fund)		911
techpacific.com (BVI) Investments Limited		34
techpacific.com Investments Limited		41
Total Consolidated Net Asset Value of Sale Companies (as of 8 March 2013)		<u>986</u>

USE OF PROCEEDS

Part of the net proceeds from the Disposal will be used to set off against the entire outstanding deferred salary and deferred bonus owed by the Group to Mr. Johnny Chan, which amounted to US\$759,111 (approximately HK\$5,921,066), on a dollar-for-dollar basis upon completion. The residual amount of the net proceeds of HK\$2,256,000 payable in cash shall be used as general working capital by the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the businesses of asset management and direct investment. Since the completion of the acquisition of Shikumen, the Group has successfully launched a new private equity fund called BlackPine Private Equity Partners Fund managed by Shikumen, which has started to contribute revenues to the Group since the beginning of 2011. On the other hand, the assets under management of CAM Asia have decreased as a result of the expiration of a few of its investment mandates and it contributed only about 1.2% of the Group's total revenues for the financial year ended 31 December 2012. The remaining private equity investment mandate under CAM Asia is also expected to expire in less than two years and the revenue of CAM Asia is expected to continue to dwindle while there is a fixed cost to maintain its staff and licenses. In view of the lack of further growth in assets under management of CAM Asia, the Group intends to focus on its institutional asset management business under Shikumen and other financial services businesses going forward and dispose of the loss-making operations of CAM Asia to Mr. Johnny Chan, the existing Executive Director of the Company.

The other Sale Companies under the Disposal are non-core investments unrelated to the asset management businesses of the Group and are legacy assets of the Group's previous merchant banking business which was already terminated by the Group in 2010. The Disposal allows the Group to monetise these relatively illiquid assets to reduce outstanding liabilities of the Group. Therefore, the Company is of the view that the Disposal provides an effective way for the Group to clean up the legacy assets and liabilities on its balance sheet which are unrelated to its current focus, and it is in line with the Group's continued strategy to dispose of non-core assets and focus its resources on strengthening its asset management and financial services businesses.

Based on the consideration of the Disposal of HK\$8,177,066 and the latest value of the Sale Companies attributable to the Group on the consolidated statement of financial position with net assets of approximately US\$986,088 (approximately HK\$7,691,486), it is estimated that the Disposal will result in an unaudited gain of approximately US\$62,254 (approximately HK\$485,580) for the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Disposal Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CHANGE IN THE COMPOSITION OF THE BOARD OF DIRECTORS

Resignation of Mr. Johnny Chan as Executive Director

The Board of the Company announces that as a result of the Disposal Mr. Johnny Chan has tendered his resignation as an Executive Director with effect from 18 March 2013 in order to dedicate more time to his family affairs and personal investments. He has agreed to continue to advise the Company in the capacity of advisor to the Board with effect on the same date.

Mr. Johnny Chan has confirmed that he has no disagreement with the Board and there are no matters relating to his resignation that needs to be brought to the attention of the shareholders of the Company.

The Board would like to take this opportunity to thank Mr. Johnny Chan for his past contributions to the Company.

GEM LISTING RULES IMPLICATION

Mr. Johnny Chan is a connected person of the Company, and as such, the Disposal is a connected transaction of the Company under the GEM Listing Rules.

Pursuant to Rule 19.22 of the GEM Listing Rules, the applicable percentage ratios of the Disposal are more than 5% but less than 25%. Therefore, the Disposal is a discloseable transaction as defined under the GEM Listing Rules.

Furthermore, pursuant to Rules 20.25 and 20.32 of the GEM Listing Rules, the applicable percentage ratios of the Disposal are less than 25%, and the total consideration is less HK\$10,000,000. Therefore, the Disposal is only subject to the announcement and reporting requirements but is exempt from independent shareholders' approval.

As Mr. Johnny Chan is interested in the Disposal Agreement, he has abstained from voting on the resolution to approve the Disposal Agreement at the Company's board meeting.

DEFINITIONS

The following terms have the following meanings when used in this announcement, unless the context otherwise requires:

“associates”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“CAM Asia”	Crosby Asset Management (Asia) Limited, a company incorporated in the Cayman Islands with limited liability
“CAM HK”	Crosby Asset Management (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and licensed by the SFC for the provision of type 4 (advising on securities) and type 9 (asset management) regulated activities in Hong Kong
“Company”	Crosby Capital Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Companies by the Company pursuant to the Disposal Agreement
“Disposal Agreement”	the agreement dated 18 March 2013 entered into between Mr. Johnny Chan and the Company in relation to the Disposal
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Mr. Johnny Chan”	Mr. Johnny Chan Kok Chung, an Executive Director of the Company
“SFC”	The Securities and Futures Commission of Hong Kong
“Sale Companies”	CAM Asia, techpacific.com (BVI) Investments Limited and techpacific.com Investments Limited
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shikumen”	Shikumen Capital Management (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and licensed by the SFC for the provision of type 4 (advising on securities) and type 9 (asset management) regulated activities in Hong Kong, and a wholly-owned subsidiary of the Company
“Softech”	Softech Investment Management Company Limited, a company incorporated in Hong Kong with limited liability and licensed by the SFC for the provision of type 4 (advising on Securities) and type 9 (asset management) regulated activities in Hong Kong
“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

“%” per cent.

Note: Unless otherwise specified herein, amounts originally denominated in US\$ in this announcement have been translated, for the purpose of illustration only, into US\$ amounts using exchange rates of US1.00=HK\$7.80. No representation is made that any amount in US\$ could have been or could be converted at the above rate or at any other rate at all.

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

Hong Kong, 18 March 2013

As at the date hereof, the Board comprised :

Executive Directors: Jeffrey Lau Chun Hung, Ulric Leung Yuk Lun and Douglas Craham Morin

Non-Executive Director: Robert John Richard Owen

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

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief (i) the information contained in this 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.