

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

CROSBY

CROSBY CAPITAL LIMITED

(高誠資本有限公司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8088)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement of the Company dated 2 June 2011 (the “Announcement”) in relation to, among other matters, the proposed Capital Reorganization, the proposed Rights Issue with the option to subscribe for RCPS and the proposed Capital Reduction. Terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise stated.

Rule 19.82 of the GEM Listing Rules stipulates that if the assets of a listed issuer consist wholly or substantially of cash or short-dated securities, it will not be regarded as suitable for listing and trading in its securities will be suspended. Pursuant to Rule 19.84 of the GEM Listing Rules, the listed issuer may apply to the Stock Exchange to lift the suspension once it has a business suitable for listing. The Stock Exchange will treat its application for lifting of the suspension as if it were an application for listing from a new applicant. The Stock Exchange reserves the right to cancel the listing if such suspension continues for more than six months or in any other case where it considers it necessary.

The Company would like to draw the attention of all Shareholders and investors to the situation which, if all of the following events occur, the cash amount of the Company might be increased by an aggregate sum of HK\$1,711.23 million of proceeds from the Rights Issue and the subscription of the RCPS, resulting in the cash to total asset ratio of the Company over 93% (with reference to the cash position of the Group as at 31 December 2010 and taken into account the issue of the Outstanding Convertible Bonds after 31 December 2010 and acquisition of property, details of which are set out in the circular of the Company dated 13 December 2010):

- (i) all existing holders of the Outstanding Convertible Bonds, Outstanding Warrants and Exercisable Outstanding Options (together, the “Existing Convertible Securities”) exercise their conversion rights before the Record Date and choose to participate in the Rights Issue; and
- (ii) all Shareholders (including those arising from (i) above) participate in the Rights Issue and elect to subscribe for the RCPS in full; and

* *for identification purposes only*

- (iii) all the holders of the RCPS pay up the residual consideration of the RCPS to convert them into ordinary shares of the Company shortly thereafter.

Under such circumstances, the Company may become a “cash company” as stipulated under Rule 19.82 of the GEM Listing Rules. The cash level of the Company and the cash to total asset ratio will vary depending on the level of acceptance of the Rights Issue and the RCPS, the likelihood of the conversion of the Existing Convertible Securities prior to the Record Date and the timing of the RCPS conversion. Shareholders and investors should also note that the Company may trigger suspension of trading in the Shares under Rule 19.82 of the GEM Listing Rules after completion of the Rights Issue even with a lower level of acceptance or conversion of the Existing Convertible Securities or RCPS in situations other than what is stipulated above depending on the then financial and operational conditions of the Company.

The Directors consider that it is not ascertainable as to whether all of the above conditions would occur. However, as stated in the Announcement, the Directors consider that it is unlikely the holders of the Existing Convertible Securities will exercise their conversion rights before the Record Date as some of them may be “out of the money” as at the Record Date. The conversion price of the Outstanding Convertible Bonds is HK\$0.17259 (subject to adjustments) per Existing Share, the exercise price of the Outstanding Warrants is HK\$0.15 (subject to adjustments) per Existing Share and the exercise price for the Exercisable Outstanding Options ranges from HK\$0.18 to HK\$7.70 per Existing Share. The closing price of the Company’s Existing Shares was HK\$0.145 per Existing Share as of 3 June 2011. Therefore, the Outstanding Convertible Bonds, the Outstanding Warrants and the Exercisable Outstanding Options are all currently out of the money. The Directors also consider that the chance of all the RCPS holders exercising their rights to convert the RCPS into Shares simultaneously and resulting in a sudden inflow of a substantial amount of cash into the Company is low. In view of the above and the expansion of the Group’s business, the Directors consider that it is unlikely that the Company will become a “cash company”.

Nevertheless, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 3 June 2011

As at the date hereof, the Board comprised of :

Executive Directors: Johnny Chan Kok Chung, Ulric Leung Yuk Lun and Jeffrey Lau Chun Hung

Non-Executive Director: Ahmad S. Al-Khaled

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

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.