

CROSBY

CROSBY CAPITAL LIMITED

(高誠資本有限公司)#

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8088)

1ST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2010

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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 merchant banking and asset management group listed on the Hong Kong Stock Exchange’s GEM board (HK GEM 8088), with offices in Hong Kong, the United Kingdom and representation in other parts of Asia.

The Group is engaged in the businesses of merchant banking, asset management and direct investment. Its subsidiary, Crosby Asset Management Inc. (“CAM”), which carries out the Group’s asset management business, is quoted on the AIM of the London Stock Exchange (CSB LN).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has continued to pursue its strategy of significantly reducing its cost base, as evidenced by the reduced loss to shareholders incurred in the first quarter of 2010, despite a substantially reduced level of revenue (as compared with the same period in 2009).

CAM has now completed the withdrawal from, and closure of, the Forsyth businesses which has contributed to the fall in revenue versus the comparable first quarter of 2009.

The Crosby Wealth Management (CWM) business now accounts for the significant majority of the Group’s assets under management and this business unit continues to make modest progress.

The Group reports a reduced loss attributable to owners for the period ended 31 March 2010 of US\$3.2 million when compared to a loss of US\$4.2 million for the same period last year. Revenue decreased to US\$0.6 million for the period ended 31 March 2010 when compared to US\$0.9 million for the same period last year. Total operating expenses (being administrative expenses plus other operating expenses) for the period ended 31 March 2010 were US\$3.6 million compared with US\$5.9 million for the same period last year, as a result of reduced staff costs and lower cost offices in London and Hong Kong.

When announcing the 2009 annual results on 25 March 2010, the Group highlighted that Orchard Petroleum (“Orchard”) was in negotiations with its key creditor (which is also the majority shareholder, Mercuria) (the “Creditor”) regarding debt repayment, and as a result, its outlook was unclear. CAM is a small minority shareholder in Orchard and the Group was therefore not able to influence those negotiations directly. Towards the end of the quarter ended 31 March 2010, the Creditor officially called an event of default and took over the underlying assets of Orchard that were held as collateral against the loan. Legal advice is currently being sought in relation to the Creditor’s actions and the rights of minority shareholders in Orchard. At this stage we are not certain if any value can be recovered from the Group’s investment in Orchard. We will provide updates as soon as there is further clarity with regard to this situation.

UNAUDITED CONSOLIDATED INCOME STATEMENT

The board of directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2010 (the “Review Period”), together with the comparative unaudited figures of the corresponding period in 2009, as follows:

		(Unaudited)	
		Three Months	
		Ended 31 March	
		2010	2009
	<i>Notes</i>	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	3	558	902
Cost of sales		<u>(132)</u>	<u>(90)</u>
Gross profit		426	812
(Loss)/Gain on financial assets at fair value through profit or loss		(209)	159
Other income	3	461	276
Administrative expenses		(2,865)	(4,587)
Other operating expenses		<u>(781)</u>	<u>(1,273)</u>
Loss from operations		(2,968)	(4,613)
Finance costs		(385)	(371)
Share of profits of jointly controlled entities		25	25
Share of losses of associates		<u>–</u>	<u>(17)</u>
Loss before taxation		(3,328)	(4,976)
Taxation	4	<u>3</u>	<u>24</u>
Loss for the period		<u>(3,325)</u>	<u>(4,952)</u>
Attributable to:			
Owners of the Company		(3,154)	(4,234)
Non-controlling interests		<u>(171)</u>	<u>(718)</u>
Loss for the period		<u>(3,325)</u>	<u>(4,952)</u>
Loss per share attributable to owners of the Company during the period			
	6	<i>US cents</i>	<i>US cents</i>
– Basic		(0.95)	(1.28)
– Diluted		<u>N/A</u>	<u>N/A</u>

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) Three Months Ended 31 March	
<i>Note</i>	2010 <i>US\$'000</i>	2009 <i>US\$'000</i>
Loss for the period	(3,325)	(4,952)
Other comprehensive income:		
Exchange differences on translating foreign operations	64	(67)
Available-for-sale investments		
Deficit on revaluation	(18)	(294)
Recycle to income statement:		
Provision for impairment	1	–
Loss upon disposal	–	436
Share of other comprehensive income of associates	–	(16)
Share of other comprehensive income of jointly controlled entities	–	4
Other comprehensive income for the period, before and net of tax	47	63
Total comprehensive income for the period, before and net of tax	(3,278)	(4,889)
Attributable to:		
Owners of the Company	5 (3,116)	(4,177)
Non-controlling interests	(162)	(712)
	(3,278)	(4,889)

NOTES TO THE UNAUDITED CONSOLIDATED INCOME STATEMENT

1. Basis of presentation

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 18th Floor, Fairmont House, 8 Cotton Tree Drive, Central, 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 Board has adopted International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board. The unaudited consolidated financial statements comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited.

The unaudited consolidated financial statements have been prepared under historical cost basis except for certain financial instruments which are measured at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the unaudited consolidated financial statements. 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 consolidated financial statements, are consistent with those set out in the Company's annual audited consolidated financial statements for the year ended 31 December 2009 ("2009 Annual Report").

These consolidated financial statements for the three months ended 31 March 2010 are unaudited but have been reviewed by the audit committee of the Company.

2. Principal accounting policies

The unaudited consolidated financial statements should be read in conjunction with the Company's 2009 Annual Report, which have been prepared in accordance with IFRSs.

The principal accounting policies adopted in the unaudited consolidated financial statements are consistent with those adopted to prepare the Company's 2009 Annual Report except:

Following the adoption of IAS 27 Consolidated and Separate Financial Statements (Revised 2008) which is effective for the accounting periods beginning on or after 1 July 2009, the effects of all transactions with non-controlling interests are to be recorded in equity if there is change in control that do not result in a loss of control. When there is loss in control, a gain or loss is recognised in profit or loss. Any remaining interest in the entity is to be re-measured to fair value. In addition, total comprehensive income is to be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. These changes will be applied prospectively from 1 January 2010.

3. Revenue and other income

Revenue comprises corporate finance and other advisory fees, fund management fee and wealth management services fee.

Other income mainly comprises interest income, profits on disposal of investments, fee on arrangement of loans and bad debt recoveries.

4. Taxation

Hong Kong and overseas income tax for the three months ended 31 March 2010 have been calculated at the rates prevailing in the relevant jurisdictions.

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

5. Movements in reserves (unaudited)

	Share premium US\$'000	Capital reserve US\$'000	Capital redemption reserve US\$'000	Employee share-based compensation reserve US\$'000	Investment revaluation reserve US\$'000	Foreign exchange reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
At 1 January 2010	106,444	4,872	77	11,973	318	(13)	(138,369)	(14,698)
Employee share-based compensation	-	-	-	144	-	-	-	144
Lapse of share options	-	-	-	(2,910)	-	-	2,910	-
Transactions with owners	-	-	-	(2,766)	-	-	2,910	144
Loss for the period	-	-	-	-	-	-	(3,154)	(3,154)
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	-	-	55	-	55
Available-for-sale investments Deficit on revaluation	-	-	-	-	(18)	-	-	(18)
Recycle to income statement: Provision for impairment	-	-	-	-	1	-	-	1
Total comprehensive income for the period	-	-	-	-	(17)	55	(3,154)	(3,116)
At 31 March 2010	106,444	4,872	77	9,207	301	42	(138,613)	(17,670)
At 1 January 2009	106,444	4,872	77	11,923	(823)	(19)	(123,837)	(1,363)
Employee share-based compensation	-	-	-	635	-	-	-	635
Lapse of share options	-	-	-	(74)	-	-	74	-
Transactions with owners	-	-	-	561	-	-	74	635
Loss for the period	-	-	-	-	-	-	(4,234)	(4,234)
Other comprehensive income:								
Exchange differences on translating foreign operations	-	-	-	-	-	(56)	-	(56)
Available-for-sale investments Deficit on revaluation	-	-	-	-	(246)	-	-	(246)
Recycle to income statement: Loss upon disposal	-	-	-	-	369	-	-	369
Share of other comprehensive income of associates	-	-	-	-	-	(14)	-	(14)
Share of other comprehensive income of jointly controlled entities	-	-	-	-	-	4	-	4
Total comprehensive income for the period	-	-	-	-	123	(66)	(4,234)	(4,177)
At 31 March 2009	106,444	4,872	77	12,484	(700)	(85)	(127,997)	(4,905)

6. Loss per share attributable to owners of the Company

(a) Basic loss per share

The calculation of the basic loss per share for the three months ended 31 March 2010 is based on the loss attributable to owners of the Company of US\$3,154,000 (2009: US\$4,234,000) and the weighted average number of ordinary shares of 330,597,984 (2009: 330,597,984) in issue during the three months ended 31 March 2010.

(b) Diluted loss per share

No diluted loss per share for the three months ended 31 March 2010 and 31 March 2009 are shown, as the outstanding share options were anti-dilutive.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2010 (2009: US\$Nil).

DISCLOSURE OF INTERESTS

(a) Directors

As at 31 March 2010, 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 %
Ilyas Tariq Khan (<i>Notes 1 & 2</i>)	8,249,407	–	41,828,278	50,077,685	16.62
Johnny Chan Kok Chung (<i>Note 3</i>)	15,155,320	477,738	–	15,633,058	5.19
Joseph Tong Tze Kay	500,000	–	–	500,000	0.17
Peter McIntyre Koenig	350,000	–	–	350,000	0.12
Daniel Yen Tzu Chen	200,000	–	–	200,000	0.07

Note 1: TW Indus Limited held 19,339,914 ordinary shares. TW Indus Limited was beneficially wholly-owned by Ilyas Tariq Khan.

Note 2: ECK & Partners Limited held 22,488,364 ordinary shares. ECK & Partners Limited was beneficially owned as 88.86% by Ilyas Tariq Khan. Since Ilyas Tariq Khan is entitled to exercise more than one third of the voting power at general meetings of ECK & Partners Limited, he is deemed to be interested in 22,488,364 ordinary shares owned by ECK & Partners Limited.

Note 3: Yuda Udomritthiruj held 477,738 ordinary shares. Yuda Udomritthiruj, an employee of a subsidiary of the Company, is the wife of Johnny Chan Kok Chung and, accordingly, he is deemed to have interests in her shares.

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

The interests in the underlying shares of the Company arise from unlisted share options (physically settled equity derivatives) granted to the Directors of the Company under the Company's Share Option Scheme, details of which are provided below:

Name of Directors	Date of grant	Subscription 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 %
Ilyas Tariq Khan	26 April 2006	HK\$7.70	6,000,000	
	11 February 2008	HK\$1.80	<u>2,500,000</u>	
			8,500,000	2.82
Johnny Chan Kok Chung	26 April 2006	HK\$7.70	6,000,000	
	11 February 2008	HK\$1.80	<u>3,000,000</u>	
			9,000,000	2.99
Ahmad S. Al-Khaled	24 March 2006	HK\$7.70	500,000	
	29 January 2007	HK\$3.65	250,000	
	11 February 2008	HK\$1.80	500,000	
	29 December 2008	HK\$0.18	<u>500,000</u>	
			1,750,000	0.58
Daniel Yen Tzu Chen	24 March 2006	HK\$7.70	500,000	
	29 January 2007	HK\$3.65	250,000	
	11 February 2008	HK\$1.80	500,000	
	29 December 2008	HK\$0.18	<u>500,000</u>	
			1,750,000	0.58
Peter McIntyre Koenig	24 March 2006	HK\$7.70	500,000	
	29 January 2007	HK\$3.65	250,000	
	11 February 2008	HK\$1.80	500,000	
	29 December 2008	HK\$0.18	<u>500,000</u>	
			1,750,000	0.58
Joseph Tong Tze Kay	24 March 2006	HK\$7.70	500,000	
	29 January 2007	HK\$3.65	250,000	
	11 February 2008	HK\$1.80	500,000	
	29 December 2008	HK\$0.18	<u>500,000</u>	
			1,750,000	0.58

(iii) *Short positions*

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

(iv) *Interests in the shares of the Associated Corporation*

Name of Directors	Associated Corporation	Personal interest	Corporate interest	Aggregate long position in shares of the Associated Corporation	Percentage which the aggregate long position in shares of the Associated Corporation represents to the issued share capital of the Associated Corporation %
Ilyas Tariq Khan (<i>Note 1 & 2</i>)	Crosby Asset Management Inc.	100,000	-	100,000	0.04
	Crosby (Hong Kong) Limited	1	110,001	110,002	0.04
Johnny Chan Kok Chung	Crosby Asset Management Inc.	40,000	-	40,000	0.02
	Crosby (Hong Kong) Limited	30,000	-	30,000	0.01

Note 1: TW Indus Limited held 40,001 shares in Crosby (Hong Kong) Limited. TW Indus Limited was beneficially wholly-owned by Ilyas Tariq Khan.

Note 2: ECK & Partners Limited held 70,000 shares in Crosby (Hong Kong) Limited. ECK & Partners Limited was beneficially owned as 88.86% by Ilyas Tariq Khan. Since Ilyas Tariq Khan is entitled to exercise more than one third of the voting power at general meetings of ECK & Partners Limited, he is deemed to be interested in 70,000 shares owned by ECK & Partners Limited.

(v) *Interests in the underlying shares of the Associated Corporation*

The interests in the underlying shares of Crosby Asset Management Inc. (“CAM”) arise from unlisted share options (physically settled equity derivatives) granted to the Directors of the Company under the CAM’s Share Option Scheme, details of which are provided below:

Name of Directors	Date of grant	Subscription price	Aggregate long position in underlying shares of the Associate Corporation	Percentage which the aggregate long position in underlying shares of the Associate Corporation represents to the issued share capital of the Associate Corporation %
Ilyas Tariq Khan	11 January 2008	22.25 pence	1,200,000	0.49
Johnny Chan Kok Chung	11 January 2008	22.25 pence	2,400,000	0.98

Save as disclosed above, as at 31 March 2010, 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 31 March 2010, 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 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

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

Name	Number or approximate attributable number of ordinary shares	Aggregate long position in underlying shares of the Company	Approximate percentage or approximate attributable percentage holding of ordinary shares currently in issue and/or percentage which the aggregate long position in underlying shares of the Company represents to the total ordinary share capital of the Company in issue
TBV Holdings Limited <i>(Note 1)</i>	30,205,500	-	10.02%
ECK & Partners Limited <i>(Note 2)</i>	22,488,364	-	7.46%
TW Indus Limited <i>(Note 3)</i>	19,339,914	-	6.42%

Note 1: TBV Holdings Limited is a company wholly-owned by the Kuwait Fund for Arab Economic Development, a development finance agency owned by the government of Kuwait.

Note 2: Since Ilyas Tariq Khan is entitled to exercise more than one third of the voting power at general meetings of ECK & Partners Limited, the interest of ECK & Partners Limited in 22,488,364 ordinary shares is duplicated in the 50,077,685 ordinary shares in which Ilyas Tariq Khan is interested as a Director.

Note 3: TW Indus Limited held a direct interest in 19,339,914 ordinary shares. Ilyas Tariq Khan was beneficially interested in 100% of the share capital of TW Indus Limited and, therefore, Ilyas Tariq Khan was also interested in these 19,339,914 ordinary shares which are duplicated within the 50,077,685 ordinary shares in which Ilyas Tariq Khan was interested as a Director.

(ii) *Interests in the non-voting convertible deferred shares of the Company*

Name	Number or approximate attributable number of non-voting convertible deferred shares	Percentage which the aggregate long position in non-voting convertible deferred shares represents to the total non-voting convertible deferred shares currently in issue
Simon Jeremy Fry	29,250,000	100%

Note: On 5 May 2010, 29,250,000 non-voting convertible deferred shares were converted into ordinary shares on a 1 for 1 basis.

(iii) *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 31 March 2010, 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 31 March 2010, 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 options grant	Options granted	Options exercise price per share	Options lapsed since grant	Options outstanding	Options exercisable as at 31 March 2010
27 March 2002	24,824,470	HK\$0.704	(24,794,470)	30,000	30,000
18 March 2003	5,400,000	HK\$0.350	(5,400,000)	–	–
14 May 2003	1,500,000	HK\$0.350	(1,000,000)	–	–
18 June 2003	2,606,400	HK\$0.350	(2,606,400)	–	–
11 July 2003	31,200,000	HK\$0.350	(31,200,000)	–	–
1 December 2003	2,100,000	HK\$0.350	(2,100,000)	–	–
20 August 2004	1,500,000	HK\$0.350	–	–	–
24 March 2006	4,000,000	HK\$7.700	(2,000,000)	2,000,000	2,000,000
26 April 2006	18,000,000	HK\$7.700	(6,000,000)	12,000,000	12,000,000
29 January 2007	1,000,000	HK\$3.650	–	1,000,000	1,000,000
11 February 2008	11,750,000	HK\$1.800	(4,000,000)	7,750,000	4,650,000
29 December 2008	2,000,000	HK\$0.180	–	2,000,000	600,000
	<u>105,880,870</u>		<u>(79,100,870)^(Note)</u>	<u>24,780,000</u>	<u>20,280,000</u>

Note : Includes 51,856,400 of share options that have lapsed and are not available for re-use.

No options granted under the Share Option Scheme had been exercised during the three months ended 31 March 2010.

During the three months ended 31 March 2010, 9,000,000 options were lapsed on 31 January 2010.

(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. Joseph Tong Tze Kay, Daniel Yen Tzu Chen and Peter McIntyre Koenig. 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 11 May 2010. The unaudited financial statements for the three months ended 31 March 2010 have 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 three months ended 31 March 2010 (2009: Nil). Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the three months ended 31 March 2010 (2009: Nil).

By Order of the Board
Ilyas Tariq Khan
Chairman and Chief Executive Officer

Hong Kong, 13 May 2010

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

<i>Executive Director:</i>	Ilyas Tariq Khan
<i>Non-Executive Directors:</i>	Johnny Chan Kok Chung and Ahmad S. Al-Khaled
<i>Independent Non-Executive Directors:</i>	Daniel Yen Tzu Chen, Peter McIntyre Koenig and Joseph Tong Tze Kay

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 Crosby Capital Limited at www.crosby.com.