CROSBY

CROSBY CAPITAL LIMITED

(高誠資本有限公司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8088)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

Characteristics of The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Exchange")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the Directors of Crosby Capital Limited collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Exchange for the purpose of giving information with regard to Crosby Capital Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *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 reports a reduced loss attributable to owners for the year ended 31 December 2009 of US$16.0 million when compared to a loss of US$61.8 million last year.

Revenue decreased to US$3.7 million for the year ended 31 December 2009 when compared to US$33.5 million last year. The decrease in revenue is attributable to merchant banking, CAM's asset management and wealth management businesses. The winding down of the Crosby Forsyth business is almost complete.

Total operating expenses (being other administrative expenses plus other operating expenses) for the year ended 31 December 2009 were US$15.7 million compared with US$45.4 million last year. The decrease is mainly attributable to reduced staff costs as staff number have significantly reduced from 135 at the beginning of 2008 to 70 at the beginning of 2009 and further to 50 at 31 December 2009. Similarly, office premises costs have also been reduced during the year as we have closed our Singapore office and moved to smaller and lower cost offices in London and Hong Kong.

A dramatic and sustained cost cutting exercise has led to a significant reduction in the losses that have been reported by the Group. The core asset management activities of the Group's UK listed subsidiary, Crosby Asset Management Inc., continued to suffer from the ill timed acquisition of Forsyth Partners and much of the year was devoted to cleaning up the residue of that troubled operation.

Our asset management activities now revolve around our long established Asian based business with Crosby HK continuing the management of various private equity funds and our wealth management operations experienced modest and sustained growth in the backdrop of a recovery of the China/HK markets.

The merchant banking business which is wholly owned by Crosby continues to progress with its core focus being on oil and gas and metals and mining and that deal flow have picked up towards the end of 2009.

At Orchard Petroleum ("Orchard") oil production has remained stable, although its drilling operations have been funded by taking on debt. Orchard is currently in negotiations with its key creditor regarding the repayment of the debt, and as a result, its outlook is unclear. Crosby is a small minority shareholder in Orchard and therefore not directly able to influence these negotiations. As a result, it is not possible to determine what the potential outcome or value of the investment might be in the future. We will provide updates as they become available.

The outlook for 2010 at Crosby remains uncertain but we will focus on cutting costs and trying to create value as economically as possible. In the meantime, we will seek to preserve cash.

RESULTS

The board of Directors (the "Board") of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2009, together with the comparative audited figures of the corresponding period in 2008, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Notes	2009 US$'000	2008 US$'000
Revenue	5	**3,655**	33,506
Cost of sales		**(451)**	(12,274)
Gross profit		**3,204**	21,232
Gain/(Loss) on financial assets at fair value through profit or loss	15	**3,072**	(33,493)
Gain on financial liabilities at fair value through profit or loss		**2**	398
Other income	6	**3,949**	6,057
Administrative expenses			
Restructuring expenses	7	**(2,622)**	(6,968)
Amortisation of intangible assets		**–**	(314)
Impairment of intangible assets		**–**	(9,788)
Write off of intangible assets		**–**	(468)
Other administrative expenses		**(12,747)**	(36,077)
		(15,369)	(53,615)
Distribution expenses		**(3)**	(47)
Impairment of available-for-sale investments	12	**(1,651)**	–
Impairment of associates		**(389)**	–
Impairment of a jointly controlled entity		**(128)**	–
Impairment of loan receivable	16	**(6,440)**	(2,496)
Other operating expenses		**(2,983)**	(9,352)
Loss from operations		**(16,736)**	(71,316)
Finance costs		**(1,542)**	(1,633)
Share of (losses)/profits of associates		**(42)**	24
Share of profits/(losses) of jointly controlled entities		**128**	(10)
Loss before taxation	8	**(18,192)**	(72,935)
Taxation	9	**59**	127
Loss for the year		**(18,133)**	(72,808)
Attributable to:			
Owners of the Company		**(16,036)**	(61,791)
Minority interests		**(2,097)**	(11,017)
Loss for the year		**(18,133)**	(72,808)
Loss per share attributable to owners of the Company during the year	10	**US cents**	US cents
– Basic		**(4.85)**	(18.49)
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	2009 US$'000	2008 US$'000
Loss for the year		**(18,133)**	(72,808)
Other comprehensive income:			
Exchange differences on translating foreign operations		**46**	48
Available-for-sale investments			
Deficit on revaluation	*12*	**(682)**	(1,491)
Recycle to income statement:			
Provision for impairment	*8*	**1,651**	–
Gain upon disposal	*6*	**(38)**	–
Loss upon disposal	*8*	**362**	155
Share of other comprehensive income of associates		**(52)**	(187)
Share of other comprehensive income of jointly controlled entities		**11**	(5)
Other comprehensive income for the year, before and net of tax		**1,298**	(1,480)
Total comprehensive income for the year, before and net of tax		**(16,835)**	(74,288)
Attributable to:			
Owners of the Company		**(14,889)**	(63,045)
Minority interests		**(1,946)**	(11,243)
Total comprehensive income for the year, before and net of tax		**(16,835)**	(74,288)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2009

	Notes	2009 US$'000	2008 US$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*11*	**639**	458
Interests in associates		**–**	153
Interests in jointly controlled entities		**16**	307
Available-for-sale investments	*12*	**607**	1,854
Note receivable		**508**	485
Intangible assets	*13*	**21**	21
		1,791	3,278
Current assets			
Trade and other receivables	*14*	**1,488**	3,805
Tax recoverable		**74**	82
Financial assets at fair value through profit or loss	*15*	**8,560**	9,771
Loan receivable	*16*	**1,348**	7,844
Cash and cash equivalents		**7,846**	16,991
		19,316	38,493
Current liabilities			
Trade and other payables	*17(a)*	**3,395**	9,160
Deferred income		**27**	408
Provision for taxation		**–**	2,261
Current portion of obligations under finance leases		**367**	316
Financial liabilities at fair value through profit or loss		**–**	2
Provision for liabilities	*17(b)*	**6,209**	4,219
		9,998	16,366
Net current assets		**9,318**	22,127
Total assets less current liabilities		**11,109**	25,405
Non-current liabilities			
Loan payable		**54**	52
Obligations under finance leases		**144**	532
Convertible bond	*18*	**21,408**	19,980
		21,606	20,564
Net (liabilities)/assets		**(10,497)**	4,841
EQUITY			
Share capital	*19*	**3,306**	3,306
Reserves		**(14,698)**	(1,363)
(Capital deficiency)/Equity attributable to owners of the Company		**(11,392)**	1,943
Minority interests		**895**	2,898
(Capital deficiency)/Total equity		**(10,497)**	4,841

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Equity attributable to owners of the Company									Minority interests	Total equity/ (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 2008	3,363	106,895	4,872	20	9,285	312	100	(63,231)	61,616	19,663	81,279
Repurchase of own shares for cancellation	(57)	(451)	–	57	–	–	–	(57)	(508)	–	(508)
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	–	–	45	45
Employee share-based compensation	–	–	–	–	4,081	–	–	–	4,081	146	4,227
Effect on exercising share options of a subsidiary	–	–	–	–	(21)	–	–	–	(21)	(5)	(26)
Lapse of share options	–	–	–	–	(1,422)	–	–	1,242	(180)	180	–
Additional investments in subsidiaries	–	–	–	–	–	–	–	–	–	(230)	(230)
Dividend paid to minority shareholders	–	–	–	–	–	–	–	–	–	(5,658)	(5,658)
Transactions with owners	(57)	(451)	–	57	2,638	–	–	1,185	3,372	(5,522)	(2,150)
Loss for the year	–	–	–	–	–	–	–	(61,791)	(61,791)	(11,017)	(72,808)
Other comprehensive income:											
Exchange differences on translating foreign operations	–	–	–	–	–	–	43	–	43	5	48
Available-for-sale investments											
Deficit on revaluation	–	–	–	–	–	(1,290)	–	–	(1,290)	(201)	(1,491)
Recycle to income statement:											
Loss upon disposal	–	–	–	–	–	155	–	–	155	–	155
Share of other comprehensive income of associates	–	–	–	–	–	–	(158)	–	(158)	(29)	(187)
Share of other comprehensive income of jointly controlled entities	–	–	–	–	–	–	(4)	–	(4)	(1)	(5)
Total comprehensive income for the year	–	–	–	–	–	(1,135)	(119)	(61,791)	(63,045)	(11,243)	(74,288)
At 31 December 2008	**3,306**	**106,444**	**4,872**	**77**	**11,923**	**(823)**	**(19)**	**(123,837)**	**1,943**	**2,898**	**4,841**
At 1 January 2009	3,306	106,444	4,872	77	11,923	(823)	(19)	(123,837)	1,943	2,898	4,841
Employee share-based compensation	–	–	–	–	1,554	–	–	–	1,554	(14)	1,540
Lapse of share options	–	–	–	–	(1,504)	–	–	1,504	–	–	–
Additional investment in a subsidiary	–	–	–	–	–	–	–	–	–	(43)	(43)
Transactions with owners	–	–	–	–	50	–	–	1,504	1,554	(57)	1,497
Loss for the year	–	–	–	–	–	–	–	(16,036)	(16,036)	(2,097)	(18,133)
Other comprehensive income:											
Exchange differences on translating foreign operations	–	–	–	–	–	–	42	–	42	4	46
Available-for-sale investments											
(Deficit)/Surplus on revaluation	–	–	–	–	–	(834)	–	–	(834)	152	(682)
Recycle to income statement:											
Provision for impairment	–	–	–	–	–	1,651	–	–	1,651	–	1,651
Gain upon disposal	–	–	–	–	–	(38)	–	–	(38)	–	(38)
Loss upon disposal	–	–	–	–	–	362	–	–	362	–	362
Share of other comprehensive income of associates	–	–	–	–	–	–	(45)	–	(45)	(7)	(52)
Share of other comprehensive income of jointly controlled entities	–	–	–	–	–	–	9	–	9	2	11
Total comprehensive income for the year	–	–	–	–	–	1,141	6	(16,036)	(14,889)	(1,946)	(16,835)
At 31 December 2009	**3,306**	**106,444**	**4,872**	**77**	**11,973**	**318**	**(13)**	**(138,369)**	**(11,392)**	**895**	**(10,497)**

NOTES TO THE CONSOLIDATED RESULTS

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 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 audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). The financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

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

In preparing the financial statements, the Directors have considered the operations of the Group as a going concern notwithstanding the Group's total liabilities exceeded its total assets by approximately US$10,497,000 as at 31 December 2009 (2008: Net assets of US$4,841,000), the Group incurred a loss attributable to owners of the Company of approximately US$16,036,000 (2008: US$61,791,000) and the convertible bond is due for repayment in March 2011. The Directors have prepared the financial statements 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 to finance its operations for twelve months from the date of signing these financial statements, after taking into consideration the followings:

(i) the Group has been approached by certain convertible bond holders on a possible restructuring of the convertible bond, which may include a change in the terms of the convertible bond and an extension of the maturity date; and

(ii) the Group continues to implement measures to tighten cost controls over various administrative expenses and to attain positive cash flow operations.

The Directors of the Company believe that the aforementioned restructuring of convertible bond and cost control measures will be successful. Having regard to the cash flow projection of the Group, which has been prepared assuming that these measures are successful, 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 cash resources to satisfy its future working capital requirement.

Should the Group be unable to generate sufficient cash flows and/or secure the support of convertible bond holders, the Group might not be able to continue in business as a going concern. Accordingly, adjustments would have to be made in the financial statements to restate the values of the assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the financial statements.

It should be noted that accounting estimates and assumptions are used in preparation of the 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 audited consolidated financial statements, are detailed in the Group's annual report 2009.

2. Adoption of new or amended International Financial Reporting Standards

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new IFRSs"), which are relevant to and effective for the consolidated financial statements for the annual period beginning on 1 January 2009:

IAS 1 (Revised)	Presentation of Financial Statements
IFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
IFRS 8	Operating Segments

At the date of authorisation of these financial statements, the following new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

IAS 24 (Revised 2009)	Related Party Disclosures[5]
IAS 27 (Revised 2008)	Consolidated and Separate Financial Statements[1]
IAS 32 (Amendment)	Classification of Rights Issues[3]
IAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items[1]
IFRS 1 (Revised 2009)	First-time Adoption of IFRSs[1]
IFRS 1 (Amendments)	Additional Exemptions for First-time Adopters[2]
IFRS 1 (Amendments)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters[4]
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[2]
IFRS 3 (Revised 2008)	Business Combinations[1]
IFRS 9	Financial Instruments[6]
IFRIC 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
IFRIC 17	Distributions of Non-cash Assets to Owners[1]
IFRIC 18	Transfers of Assets from Customers[1]
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments[4]
Various	Annual Improvements to IFRS 2009[7]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013
7 Generally effective for annual periods beginning on or after 1 July 2009 and later unless otherwise stated in the specific IFRS

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

The Directors are currently assessing the impact of other new and amended IFRSs upon initial application. So far, the Directors have preliminarily concluded that the initial application of these IFRSs is unlikely to have a significant impact on the Group's results and financial position except IFRS 9 Financial Instruments and IAS 27 Consolidated and Separate Financial Statements (Revised 2008) are effective for accounting periods beginning on or after 1 January 2013 and 1 July 2009 respectively.

3. Principal accounting policies

The principal accounting policies adopted in the audited consolidated financial statements are detailed in the Group's annual report 2009.

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) Merchant Banking – provision of corporate finance and other advisory services and the changes in fair value of financial assets and liabilities through profit or loss arising from the Group's merchant banking activities.

(ii) Asset Management – provision of fund management, asset management and wealth management services.

(iii) 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 (excluding those arising from the Group's merchant banking activities).

The comparative figures are restated to include those items primarily related to corporate offices costs directly allocated to merchant banking or asset management segment, instead of disclosing them under "unallocated" in the consolidated financial statements for the year ended 31 December 2008.

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

	Merchant banking		**Asset management**		**Direct investment**		**Total**	
		(Restated)		(Restated)		(Restated)		(Restated)
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Revenue from external customers	**150**	13,196	**3,505**	20,310	**–**	–	**3,655**	33,506
Inter-segment revenues	**444**	34	**1,139**	5,986	**–**	–	**1,583**	6,020
Total revenue	**594**	13,230	**4,644**	26,296	**–**	–	**5,238**	39,526
Segment loss from operations	**(1,206)**	(30,034)	**(5,771)**	(10,583)	**(4,644)**	(4,392)	**(11,621)**	(45,009)
Segment total assets	**11,010**	12,003	**8,563**	19,662	**1,348**	9,262	**20,921**	40,927

Segment loss from operations can be reconciled to consolidated loss from operations as follows:

	2009	2008
	US$'000	*US$'000*
Segment loss from operations	**(11,621)**	(45,009)
Reconciling items:		
Other income not allocated	**105**	656
Restructuring expenses	**(2,622)**	(6,968)
Amortisation of intangible assets	**–**	(314)
Impairment of intangible assets	**–**	(9,788)
Write off of intangible assets	**–**	(468)
Other expenses not allocated	**(2,610)**	(10,722)
Elimination of inter-segment revenue	**12**	1,297
Loss from operations	**(16,736)**	(71,316)
Finance costs	**(1,542)**	(1,633)
Share of (losses)/profits of associates	**(42)**	24
Share of profits/(losses) of jointly controlled entities	**128**	(10)
Loss before taxation	**(18,192)**	(72,935)

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

	2009	2008
	US$'000	US$'000
Segment total assets	**20,921**	40,927
Reconciling items:		
Other assets not allocated	**186**	844
Total assets	**21,107**	41,771

	Merchant banking		**Asset management**		**Direct investment**		**Other**		**Total**	
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Other information										
Interest income	**(23)**	(402)	**(31)**	(378)	**(2,844)**	(2,763)	**–**	(77)	**(2,898)**	(3,620)
Interest expenses	**2**	2	**112**	192	**1,428**	1,439	**–**	–	**1,542**	1,633
Depreciation	**92**	30	**223**	798	**–**	–	**–**	12	**315**	840
Amortisation of intangible assets	–	–	–	–	–	–	–	314	–	314
Impairment of intangible assets	–	–	–	–	–	–	–	9,788	–	9,788
Write off of intangible assets	–	–	–	–	–	–	–	468	–	468
Impairment of available-for-sale investments	**–**	–	**1,536**	–	**115**	–	**–**	–	**1,651**	–
Impairment of associates	**–**	–	**389**	–	**–**	–	**–**	–	**389**	–
Impairment of a jointly controlled entity	**–**	–	**128**	–	**–**	–	**–**	–	**128**	–
Impairment of loan receivable	**–**	–	**–**	–	**6,440**	2,496	**–**	–	**6,440**	2,496
Impairment of other receivables	**–**	–	**71**	764	**–**	107	**–**	18	**71**	889
Share-based compensation expense	**3**	625	**421**	1,035	**–**	–	**1,116**	2,567	**1,540**	4,227

5. Revenue

	2009	2008
	US$'000	*US$'000*
Corporate finance and other advisory fees	**150**	10,623
Fund management fee income	**1,415**	13,190
Wealth management services fee	**2,090**	7,120
Others	**–**	2,573
	3,655	33,506

6. Other income

	2009	2008
	US$'000	*US$'000*
Bad debts recovery	**2**	2
Bank interest income	**8**	412
Dividend income	**2**	–
Fee on redemption and arrangement of loans	**374**	1,096
Gain on deemed disposal of a subsidiary	**–**	65
Gain on disposal of an associate	**–**	550
Gain on disposal of available-for-sale investments	**38**	–
Gain on disposal of property, plant and equipment	**18**	17
Management fee income	**14**	389
Effective interest income on loan receivable *(Note 16)*	**2,844**	2,710
Other interest income	**46**	498
Foreign exchange gain, net	**93**	–
Others	**510**	318
	3,949	6,057

7. Restructuring expenses

	2009	2008
	US$'000	*US$'000*
Write off of property, plant and equipment	**–**	3,153
Provision for onerous contract in respect of operating lease	**2,685**	973
Others	**(63)**	2,842
	2,622	6,968

During the year ended 31 December 2009, the Group had increased, by US$2,685,000 (2008: US$973,000) to US$2,963,000 and US$973,000 as at 31 December 2009 and 31 December 2008 respectively as set out in Note 17(b), the provision for the discounted net present value of the future property operating lease rental payments under the operating lease on the basis that no sublet of the property is achieved for the remaining term of the lease.

8. Loss before taxation

	2009	2008
	US$'000	*US$'000*
Loss before taxation is arrived at after charging:		
Auditors' remuneration:		
– audit services	**130**	295
– other services	**28**	123
Amortisation of intangible assets *(Note 13)*	**–**	314
Depreciation:		
– owned assets	**301**	685
– assets held under finance leases	**14**	155
Employee benefit expense (including directors' remuneration)	**9,033**	27,103
Foreign exchange losses, net	**–**	976
Impairment of associates	**389**	–
Impairment of a jointly controlled entity	**128**	–
Impairment of available-for-sale investments *(Note 12)*	**1,651**	–
Impairment of intangible assets *(Note 13)*	**–**	9,788
Impairment of other receivables *(Note 14(ii))*	**71**	889
Impairment of loan receivable *(Note 16)*	**6,440**	2,496
Loss on disposal of available-for-sale investments	**362**	155
Operating leases charges in respect of land and buildings	**807**	1,825
Write off of intangible assets *(Note 13)*	**–**	468
Write off of property, plant and equipment	**17**	83
after crediting:		
Effective interest income on loan receivable *(Note 16)*	**2,844**	2,710
Excess over the cost of acquisition of a subsidiary	**11**	–
Foreign exchange gain, net	**93**	–

9. Taxation

	2009	2008
	US$'000	*US$'000*
Current tax credit/(charge)		
– Hong Kong	**27**	(10)
– Overseas	**32**	137
	59	127

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong for the year ended 31 December 2009. Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions during the year.

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

10. Loss per share attributable to owners of the Company

(a) Basic

Basic loss per share is calculated by dividing consolidated loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2009	2008
(US$'000)		
Consolidated loss attributable to owners of the Company	**(16,036)**	(61,791)
(Number)		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share*	**330,597,984**	334,222,315
Basic loss per share (US cents per share)	**(4.85)**	(18.49)

* *The calculation of weighted average number of ordinary shares in issue includes the non-voting convertible deferred shares as it ranks pari passu with ordinary shares in respect of all distributions.*

(b) Diluted

No diluted loss per share is shown for 2009 and 2008 as the outstanding share options were anti-dilutive.

11. Property, plant and equipment

	Computer hardware and software *US$'000*	Furniture and fixtures *US$'000*	Leasehold improvements *US$'000*	Motor vehicles *US$'000*	Office equipment *US$'000*	Total *US$'000*
At 1 January 2008						
Cost	767	334	1,263	54	244	2,662
Accumulated depreciation	(428)	(209)	(761)	(43)	(196)	(1,637)
Carrying amount	339	125	502	11	48	1,025
Year ended 31 December 2008						
Opening carrying amount	339	125	502	11	48	1,025
Additions	3,019	929	1,210	54	27	5,239
Disposals	(2,796)	(906)	(1,227)	(4)	(35)	(4,968)
Exchange differences	1	–	–	–	1	2
Depreciation	(300)	(69)	(433)	(16)	(22)	(840)
Closing carrying amount	263	79	52	45	19	458
At 31 December 2008						
Cost	648	227	593	54	168	1,690
Accumulated depreciation	(385)	(148)	(541)	(9)	(149)	(1,232)
Carrying amount	263	79	52	45	19	458
Year ended 31 December 2009						
Opening carrying amount	263	79	52	45	19	458
Additions	21	13	464	–	16	514
Disposals	(2)	(10)	(5)	–	–	(17)
Exchange differences	–	(1)	–	–	–	(1)
Depreciation	(133)	(27)	(130)	(14)	(11)	(315)
Closing carrying amount	149	54	381	31	24	639
At 31 December 2009						
Cost	**657**	**220**	**464**	**54**	**184**	**1,579**
Accumulated depreciation	**(508)**	**(166)**	**(83)**	**(23)**	**(160)**	**(940)**
Carrying amount	**149**	**54**	**381**	**31**	**24**	**639**

12. Available-for-sale investments

	2009	2008
	US$'000	*US$'000*
Unlisted investments, at cost or fair value		
Equity securities	**1,827**	2,672
Less: Impairment losses	**(1,536)**	(1,047)
	291	1,625
Listed investments, at fair value		
Equity securities, listed in Hong Kong	**–**	6
Equity securities, listed outside Hong Kong	**316**	223
	316	229
Total	**607**	1,854

The movement in available-for-sale investments is as follows:

	2009	2008
	US$'000	*US$'000*
At 1 January	**1,854**	5,845
Disposals	**(565)**	(2,500)
Change in fair value recognised directly in other comprehensive income	**(682)**	(1,491)
At 31 December	**607**	1,854

Provision for impairment of US$1,651,000 *(Note 8)* (2008: US$Nil) has been made during the year which has been removed from the investment revaluation reserve in equity and recognised in the income statement.

13. Intangible assets

	Customer base	**Trademark**	**Goodwill**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Carrying amount at 1 January 2008	8,229	489	849	9,567
Additional investment in a subsidiary	–	–	561	561
Acquisition of the Forsyth Business	463	–	–	463
Amortisation *(Note 8)*	(314)	–	–	(314)
Impairment *(Note 8)*	(8,378)	–	(1,410)	(9,788)
Write off *(Note 8)*	–	(468)	–	(468)
Carrying amount at 31 December 2008 and 31 December 2009	**–**	**21**	**–**	**21**

14. Trade and other receivables

	Notes	2009 US$'000	2008 US$'000
Trade receivables	*(i)*	**117**	816
Other receivables – gross		**1,121**	2,595
Less: Impairment losses	*(ii)*	**(774)**	(1,481)
Other receivables – net		**347**	1,114
Deposits and prepayments		**1,024**	1,875
Total		**1,488**	3,805

Notes:

(i) At 31 December 2009, the ageing analysis of trade receivables based on invoice date is as follows:

	2009 US$'000	2008 US$'000
0 – 30 days	**89**	178
31 – 60 days	**23**	127
61 – 90 days	**–**	454
Over 90 days	**5**	57
	117	816

The Group allows a credit period ranging from 15 to 45 days (2008: 15 to 45 days) to its asset management clients. The credit period for asset management contracts can be extended under special circumstances.

At 31 December 2009, trade receivables related to one customer for which there was no recent history of default. At 31 December 2008, the trade receivables related to a large number of customers for whom there was no recent history of default.

As at 31 December 2009 and 31 December 2008, no impairment on trade receivables has been made.

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

	2009 US$'000	2008 US$'000
At 1 January	**1,481**	760
Impairment losses *(Note 8)*	**71**	889
Reversal due to debt recovery *(Note 6)*	**(2)**	(2)
Write off	**(776)**	(166)
At 31 December	**774**	1,481

15. Financial assets at fair value through profit or loss

	2009	2008
	US$'000	*US$'000*
Held for trading		
Listed securities:		
– Equity securities – Australia	**2,788**	3,473
– Equity securities – Canada	**967**	7
– Equity securities – Japan	**94**	801
– Equity securities – United Kingdom	**1,217**	1,074
– Equity securities – United States	**566**	449
Fair value of listed securities	**5,632**	5,804
Unlisted securities:		
– Equity securities – Australia	**472**	365
– Equity securities – British Virgin Islands	**2,420**	1,875
– Equity securities – Canada	**36**	–
Fair value of unlisted securities	**2,928**	2,240
Embedded derivatives	**–**	1,418
Others	**–**	309
Total	**8,560**	9,771

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

	2009	2008
	US$'000	*US$'000*
At 1 January	**9,771**	54,108
Additions	**7,354**	8,379
Disposals	**(11,636)**	(19,220)
Dividend received	**(1)**	(3)
Gain/(Loss) on financial assets at fair value through profit or loss	**3,072**	(33,493)
At 31 December	**8,560**	9,771

16. Loan receivable

On 23 June 2008, Asia Special Situation GJP1 Limited ("ASSGJP1"), a wholly owned subsidiary of IB Daiwa Corporation ("IB Daiwa"), entered into a loan agreement with ADM Galleus Fund Limited ("ADM"), an investment fund managed by Asia Debt Management Hong Kong Limited, on 19 June 2008 pursuant to which ADM made a loan of US$44,000,000 to ASSGJP1 for discharging its inter-company obligations owing to IB Daiwa (the "ADM Loan"). IB Daiwa in turn, used the proceeds from the ADM Loan received from ASSGJP1 to repay and discharge all its liabilities owed to Coniston International Capital Limited ("Coniston"), a wholly owned subsidiary of the Company, under the Indemnity Agreement dated 22 June 2007 (amounting to US$15,000,000) and the Exchangeable Loan Agreement dated 4 March 2008 (amounting to US$9,815,000) as well as liabilities owed to other financiers. Simultaneously, with the settlement of IB Daiwa's liabilities to Coniston, Coniston participated in the ADM Loan in a sum of US$9,815,000 pursuant to a participation agreement that Coniston entered into with ADM.

The Directors considered the participation in the ADM Loan to be a new financial asset and not a modification of the terms of the loan receivable under the Exchangeable Loan Agreement dated 4 March 2008. Accordingly, the accounting treatment adopted had been to de-recognise the loan receivable under the Exchangeable Loan Agreement dated 4 March 2008 and recognise the ADM Loan initially at its fair value.

On 7 November 2008, certain terms of the ADM Loan were amended in order to rectify the security coverage ratio, which had fallen below the required level under a covenant of the ADM Loan. Following the amendments and at 31 December 2008, the principal terms of the ADM Loan relevant to Coniston's participation were as follows:

- Secured by 104,615,384 shares of Leed Petroleum PLC ("Leed", Stock Code: LDP LN); 21,333,333 shares of Adavale Resources Limited (Stock Code: ADD AU); all the shares of Lodore US Holdings Inc. and its subsidiaries owned by IB Daiwa and US$7,500,000 of cash (which was used to repay part of the ADM Loan on 13 February 2009);

- Guaranteed by IB Daiwa to the extent of US$3,550,000, which may be reduced by an amount as determined by ADM and paid by IB Daiwa to participate in any new equity issuance by IB Daiwa;

- Bears interest per annum at a premium of 5% to 12-month LIBOR;

- Includes fees attributable to Coniston and payable on maturity of US$796,000;

- Includes a profit share constituent the economic effect of which is that the Group benefits from 65% of the profit from the sale of the Leed shares, net of applicable brokerage fees and taxes, on per share basis, in excess of profit sharing threshold price, which was set at 32 pence per share but can be reset downward on a monthly basis (once the ADM Loan has been fully repaid the profit sharing obligations of the borrower cease); and

- Repayable from an orderly sale of IB Daiwa's shares in Leed, or from the cash collateral or by way of exchanging the loan into shares of Leed at the profit sharing price, with a final maturity date 20 June 2009.

During the year ended 31 December 2009, ADM received a prepayment of approximately US$7,500,000 from IB Daiwa out of the cash collateral. IB Daiwa also paid an additional US$250,000 to ADM in order to have all the shares of Adavale Resources Limited released from the collateral pool. ADM also utilised approximately US$1,050,000 worth of the IB Daiwa's guarantee amount to subscribe for new shares and warrants issued by IB Daiwa during the year. ADM disposed of these shares and warrants during the year and realised a total amount of approximately US$1,700,000.

On 18 August 2009, a settlement agreement was entered into among ASSGJP1, ADM and IB Daiwa whereby IB Daiwa paid US$2,500,000 to ADM to settle the remaining guarantee obligation of IB Daiwa. The settlement agreement also entitled ADM to receive a further US$1,000,000 from IB Daiwa to release the shares and assets of Lodore US Holdings Inc. and its subsidiaries from the collaterals of the ADM Loan as well as certain cross guarantees from Lodore US Holdings Inc. and its subsidiaries, which was received by ADM in December 2009. IB Daiwa is also obliged to pay ADM an aggregate maximum of US$500,000 out of its receipts of future distribution from the Lodore group, if any. The maturity of the ADM Loan was extended to 21 December 2012, when ADM may choose to receive all the shares of ASSGJP1 or 104,615,384 shares of Leed owned by ASSGJP1 as full and final settlement of the ADM Loan.

On 1 February 2010, IB Daiwa entered into an agreement with ADM to vest the sole, absolute, legal and beneficial title of ASSGJP1 (together with all the underlying shares of Leed held by it) to ADM. IB Daiwa has also agreed to pay US$350,000 to ASSGJP1 to partially repay the ADM Loan. In return, ADM has agreed to release IB Daiwa from its obligations to pay ADM up to a maximum of US$500,000 of any future receipts from the Lodore group.

The ADM Loan receivable, after allowance for impairment, as at 31 December 2009 is as follows:

	US$'000
Loan principal advanced on 23 June 2008	9,815
Fee receivable upon maturity and capitalised upfront	796
Less: Embedded derivative recognised on initial recognition	(2,981)
Gross loan receivable at 23 June 2008	7,630

	2009	2008
	US$'000	*US$'000*
Gross loan receivable at 1 January	**7,844**	–
Initial recognition	**–**	7,630
Add: Effective interest income *(Note 6 & 8)*	**2,844**	2,710
Amortised carrying amount	**10,688**	10,340
Less: Allowance for impairment *(Note 8)*	**(6,440)**	(2,496)
Repayment	**(2,900)**	–
Net impaired loan receivable at 31 December	**1,348**	7,844

The interest income on the loan receivable for the year ended 31 December 2008 is calculated by applying an effective interest rate of 66.64% which takes into consideration the value of the embedded derivatives recognised on initial recognition of the loan and the fees and interest receivable on the loan. The interest income on the loan receivable for the year ended 31 December 2009 is calculated at the interest rate of LIBOR plus 5% which remained the same following the extension of the loan agreement and full amortisation of the effective interest on the loan agreement.

The embedded derivatives have been valued by an independent professional valuer using a Binomial Model at US$2,981,000 and US$1,418,000 on initial recognition and at 31 December 2008 respectively. The embedded derivatives have been fully impaired as at 31 December 2009.

The allowance for impairment has been calculated by reference to the fair value of the collateral held against the ADM Loan at 31 December 2009 and 31 December 2008. Accordingly, the net impaired loan receivable balance at 31 December 2009 and 31 December 2008 of US$1,348,000 and US$7,844,000 respectively are equivalent to the fair value of the collateral held.

17. Trade, other payables and provision for liabilities

(a) Trade and other payables

	2009	2008
	US$'000	*US$'000*
Trade payables	**–**	630
Other payables	**694**	1,919
Accrued charges	**2,701**	6,611
	3,395	9,160

At 31 December 2009, the ageing analysis of trade payables is as follows:

	2009	2008
	US$'000	*US$'000*
0 – 30 days	**–**	630

Included in the Group's trade and other payables are provision for bonus of US$986,000 (2008: US$3,413,000) to directors and staff, including provision for bonus deferred from prior years of US$659,000 (2008: US$3,343,000).

(b) Provision for liabilities

	2009	2008
	US$'000	*US$'000*
At 1 January	4,219	–
Amount used during the year	(695)	–
Addition *(Note 7 & 21)*	2,685	4,219
At 31 December	6,209	4,219

	2009	2008
	US$'000	*US$'000*
Representing:		
Provision for claims *(Note 21)*	3,246	3,246
Provision for onerous contract in respect of operating lease *(Note 7)*	2,963	973
At 31 December	6,209	4,219

18. Convertible bond

The Convertible Bond recognised in the statement of financial position is calculated as follows:

	US$'000
Face value of Convertible Bond issued*	75,000
Discount	(2,250)
Financial liabilities at fair value through profit or loss	(6,320)
Equity component	(4,793)
Liability component on initial recognition upon issuance of Convertible Bond on 8 March 2006	61,637

	2009	2008
	US$'000	*US$'000*
Liability component at 1 January	**19,980**	18,644
Effective interest expense	**1,428**	1,336
Liability component at 31 December	**21,408**	19,980

* *US$55,000,000 of the Convertible Bond was converted into 556,666,011 new shares of the Company in 2006, representing 16.55% of the Company's enlarged issued share capital of 3,362,743,256 shares (including 292,500,000 non-voting convertible deferred shares) at that time. The balance of the Convertible Bond of US$20,000,000 is therefore only exchangeable into a maximum of 11,453,287 existing shares of CAM owned by the Company, but no exchange had occurred up to 31 December 2009. On the basis that the balance of the Convertible Bond of US$20,000,000 is fully exchanged into existing shares of CAM, the holding of the Company in CAM would be reduced from 86.45% to 81.75% as at 31 December 2009.*

The interest expense of Convertible Bond for the year ended 31 December 2009 is calculated by applying an effective interest rate of 7.15% (2008: 7.15%) to the liability component.

The Directors of the Company estimate the fair value of the liability component of the Convertible Bond at US$21,408,000 (2008: US$19,980,000). The fair value has been calculated by discounting the future cash flows at the prevailing market rate of 6.5%, increased to 7.15% to adjust for the amortisation of the discount of US$2,250,000. The aforementioned discount rate of 6.5% has been determined by reference to the yield on non-callable bonds issued in US dollars by a corporate with a credit rating of BB, with maturity of 5 years.

19. Share capital

	Number of ordinary shares	Number of convertible redeemable preference shares	Number of non-voting convertible deferred shares	Value US$'000
Authorised				
At 1 January 2008 (par value of US$0.001 each)	20,000,000,000	1,000,000	– *(Note (a))*	20,001
Effect of increase in nominal value of shares from US$0.001 each to US$0.01 each (Note (c))	(18,000,000,000)	(900,000)	–	–
At 31 December 2008, 1 January 2009 and 31 December 2009 (par value of US$0.01 each)	**2,000,000,000**	**100,000**	**–**	**20,001**
Issued and fully paid				
At 1 January 2008 (par value of US$0.001 each)	3,070,381,256	–	292,500,000 *(Note (b))*	3,363
Effect of increase in nominal value of shares from US$0.001 each to US$0.01 each *(Note (c))*	(2,758,900,731)	–	(263,250,000)	–
Repurchase of shares *(Note (d))*	(10,132,541)	–	–	(57)
At 31 December 2008, 1 January 2009 and 31 December 2009 (par value of US$0.01 each)	**301,347,984**	–	**29,250,000**	3,306

Notes:

(a) No authorised share capital with respect to these non-voting convertible deferred shares is required.

(b) The non-voting convertible deferred shares have the following rights and restrictions:

(i) The holder is not entitled to vote at any general meetings of the Company;

(ii) The deferred shares rank pari passu with ordinary shares in respect of all distributions; and

(iii) Each deferred share can be converted into one ordinary share commencing three months from the date of issue (i.e. 24 May 2004) and can be converted upon 14 days prior written notice to the Company. There is no expiration date for the right of conversion. The deferred shares have no redemption rights.

(c) Pursuant to an ordinary resolution passed at the Annual General Meeting of the Company held on 25 April 2008, every ten issued and unissued shares of US$0.001 each were consolidated into one new share of US$0.01 each with effect from 28 April 2008. The shares after the share consolidation rank pari passu in all respects with each other.

(d) During the year ended 31 December 2008, the Company repurchased on the Stock Exchange a total of 10,132,541 of its own ordinary shares at a price range of HK$0.104 to HK$1.078 per share for a total consideration, before expenses, of HK$3,924,000 (equivalent to approximately US$503,000). The repurchased shares were duly cancelled and the issued share capital of the Company was reduced by the nominal value of these shares accordingly. The premium payable on repurchase was charged against the share premium account. An amount equivalent to the nominal value of the shares cancelled was transferred from accumulated losses to capital redemption reserve.

20. **Commitments**

(a) **Operating leases**

As at 31 December 2009, the total future minimum lease payments of the Group under non-cancellable operating are payable as follows:

	2009 Land and buildings *US$'000*	2008 Land and buildings *US$'000*	**2009 Motor vehicles** *US$'000*	2008 Motor vehicles *US$'000*	**2009 Total** *US$'000*	2008 Total *US$'000*
Within one year	**833**	656	**29**	29	**862**	685
In the second to fifth years	**1,929**	1,215	**20**	–	**1,949**	1,215
After fifth year	**986**	1,200	**–**	–	**986**	1,200
	3,748	3,071	**49**	29	**3,797**	3,100

The Group leases a number of properties under operating leases in Hong Kong and overseas. The leases run for an initial period from 2 to 10 years (2008: from 3 to 10 years), with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors. None of the leases include contingent rentals.

(b) **Capital commitments**

As at 31 December 2009 and 31 December 2008, the Group had no capital commitments.

21. **Contingencies**

Crosby Wealth Management (Hong Kong) Limited, a 56.14% subsidiary of Crosby Asset Management Inc., is defending against legal proceedings brought by clients in Hong Kong concerning a trade execution error and financial advice provided. The consolidated financial statements have made adequate provision in respect of these matters as set out in Note 17(b).

As at 31 December 2009 and 31 December 2008, the Group had no material contingent liabilities.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2009 (2008: Nil).

EXTRACT FROM INDEPENDENT AUDITORS REPORT

The auditors express an unqualified opinion but modify the auditors' report by adding emphasis of matters which auditors draw attention to the following material uncertainty:

Going concern assumption

Note 3(a) to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. As at 31 December 2009, the Group's total liabilities exceeded its total assets by approximately US$10,497,000 and the Group also incurred a loss attributable to the owners of the Company of approximately US$16,036,000 for the year then ended. These conditions, along with other matters as disclosed in Note 3(a) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

CORPORATE GOVERNANCE REPORT

(a) Corporate Governance Practices

During the financial year ended 31 December 2009, the Company has complied with the code provisions ("Code Provisions") as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules, except for the following deviations:–

1. *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.

   The positions of Chairman and CEO of the Company are both currently carried on by the same person. The Board of Directors of the Company (the "Board") considers that this structure does not undermine the balance of power and authority between the Board and the management. The Board members have considerable experience and qualities which they bring to the Company and there is a balanced composition of Executive Directors and Non-executive Directors (including Independent Non-executive Directors). Given the composition of the Board, the Board believes that it is able to ensure that the balance of power between the Board and the management is not impaired. The Board believes that having the same person performing the roles of both Chairman and CEO does provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group.

2. *Code Provision E.1.1*

   Code Provision E.1.1 provides that in respect of each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of the meeting. At the Company's Annual General Meeting on 7 May 2009, the Chairman proposed separate resolutions for each substantially separate issue. However, the proposals for the re-election of three directors to the Board were not divided into three separate resolutions in order to ensure the Annual General Meeting was conducted on a timely basis notwithstanding the fact that there were four additional resolutions being proposed at the meeting as special business.

3. *Code Provision E.1.2*

Code Provision E.1.2 provides that the Chairman of the Board should attend the annual general meeting to answer questions at the annual general meeting. The Chairman of the Company, Mr. Ilyas Khan, had not attended the Company's annual general meeting on 7 May 2009 due to an important family matter requiring him to be overseas. However, Mr. Khan had, by prior arrangement, deputized Mr. Johnny Chan to chair the Annual General Meeting and answer any questions from shareholders.

(b) Directors' Securities Transactions

1. 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.

2. 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2009, the Group had cash and bank balances of US$7.8 million (2008: US$17.0 million) and net current assets of US$9.3 million (2008: US$22.1 million).

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. Details of going concern basis are included in Note 1.

FOREIGN CURRENCY EXCHANGE EXPOSURE

The Group's main exposure to foreign currencies includes its investments in foreign subsidiaries and financial assets and liabilities at fair value through profit and loss where the foreign currency risk is managed as an integral part of the investment return.

Several subsidiaries of the Group also have foreign currency revenue and costs, which expose the Group to foreign currency risk. The Group manages this risk by reserving sufficient revenue to settle the costs in the relevant foreign currency, subject to other operating requirements.

EMPLOYEE INFORMATION

As at 31 December 2009, the Group had 50 full-time employees (2008: 70). Employee remuneration (including Directors' remuneration) totaled US$9.0 million (2008: US$27.1 million). 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. Options are either struck at or out-of the money. The Group's remuneration policies and practices are reviewed annually and benchmarked against a peer group of international financial institutions.

DISCLOSURE OF INTERESTS

(a) Directors

As at 31 December 2009, 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 *(Notes 1 & 2)*	8,249,407	–	41,828,278	50,077,685	16.62
Johnny Chan Kok Chung *(Note 3)*	15,155,320	477,738	–	15,633,058	5.19
Simon Jeremy Fry *(Note 4)*	11,018,658	–	–	11,018,658	3.66
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.

Note 4: Simon Jeremy Fry resigned as Non-Executive Director of the Company on 31 January 2010.

(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%

(iii) 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	2,500,000	
			8,500,000	2.82
Johnny Chan Kok Chung	26 April 2006	HK$7.70	6,000,000	
	11 February 2008	HK$1.80	3,000,000	
			9,000,000	2.99
Simon Jeremy Fry *(Note)*	26 April 2006	HK$7.70	6,000,000	
	11 February 2008	HK$1.80	3,000,000	
			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	500,000	
			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	500,000	
			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	500,000	
			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	500,000	
			1,750,000	0.58

Note: Simon Jeremy Fry was granted 6,000,000 options on 26 April 2006 and 3,000,000 options on 11 February 2008 respectively, which were lapsed upon his resignation as Non-Executive Director of the Company on 31 January 2010.

(iv) Short Positions

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

(v) 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 *(Note 1 & 2)*	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
Simon Jeremy Fry *(Note 3)*	Crosby Asset Management Inc.	100,000	–	100,000	0.04

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.

Note 3: Simon Jeremy Fry resigned as Executive Director and Chief Executive Officer of Crosby Asset Management Inc. on 31 January 2010.

(vi) 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
Simon Jeremy Fry *(Note)*	11 January 2008	22.25 pence	1,200,000	0.49

Note : Simon Jeremy Fry was granted 1,200,000 options on 11 January 2008, which were lapsed upon his resignation as Executive Director and Chief Executive Officer of CAM on 31 January 2010.

Save as disclosed above, as at 31 December 2009, 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) Disclosure of interests of Substantial Shareholders and Other Persons

As at 31 December 2009, 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 *(Note 1)*	30,205,500	–	10.02%
ECK & Partners Limited *(Note 2)*	22,488,364	–	7.46%
TW Indus Limited *(Note 3)*	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) 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 December 2009, 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 December 2009, 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 December 2009
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	–	18,000,000	18,000,000
29 January 2007	1,000,000	HK$3.650	–	1,000,000	600,000
11 February 2008	11,750,000	HK$1.800	(1,000,000)	10,750,000	3,225,000
29 December 2008	2,000,000	HK$0.180	–	2,000,000	600,000
	105,880,870		(70,100,870)[(Note)]	33,780,000	24,455,000

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 year ended 31 December 2009.

Subsequent to the year ended 31 December 2009, 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 17 March 2010. The audited financial statements for the year ended 31 December 2009 have been reviewed by the audit committee.

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

Neither the Company, nor any of its subsidiaries, has purchased or sold any of the Company's listed securities during the year ended 31 December 2009. During the year ended 31 December 2008, the Company purchased through Stock Exchange 10,132,541 ordinary shares at prices between HK$0.104 and HK$1.078 which were cancelled on 16 April 2008, 14 July 2008, 12 September 2008, 30 September 2008 and 1 December 2008 respectively.

The Company has not redeemed any of its shares during the year ended 31 December 2009 (2008: Nil).

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

Hong Kong, 25 March 2010

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

Executive Director:	*Ilyas Tariq Khan*
Non-Executive Directors:	*Johnny Chan Kok Chung and Ahmad S. Al-Khaled*
Independent Non-Executive Directors:	*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.