



OPES ASIA DEVELOPMENT LIMITED

華保亞洲發展有限公司*

(Continued into Bermuda with limited liability)

(Stock Code : 810)



Interim Report 2010

* For identification purposes only

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Dr. Wai Chung Fai (*Chairman*)
Shiu Kwok Keung
Chu Wai Lim
Fong Son Wa

Independent Non-executive Directors:

Tsang Wai Wa
Chen Man Lung
Choi Shek Chau

AUDIT COMMITTEE

Tsang Wai Wa (*Chairman*)
Chen Man Lung
Choi Shek Chau

REMUNERATION COMMITTEE

Chu Wai Lim (*Chairman*)
Tsang Wai Wa
Chen Man Lung
Choi Shek Chau

COMPANY SECRETARY

Yeung Ming Kong, Kenneth

AUDITORS

Lau & Au Yeung C.P.A. Limited

INVESTMENT MANAGER

Up Way Asia Fund Management Limited

PRINCIPAL BANKER

Standard Chartered Bank (Hong Kong) Limited

CUSTODIAN

Standard Chartered Bank (Hong Kong) Limited

SOLICITORS

As to Hong Kong Law
D.S. Cheung & Co.

As to Bermuda Law

Appleby Hunter Bailhache

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3604B, 36th Floor
Tower 2, Lippo Centre
89 Queensway
Hong Kong

REGISTRARS IN HONG KONG

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

810

The Board of Directors (the "Board") of Opes Asia Development Limited (the "Company") announced the unaudited interim results of the Company for the six months ended 30 June 2010, with comparative figures for the corresponding periods in 2009 as follows:

CONDENSED INCOME STATEMENT

For the six months ended 30 June 2010

		(Unaudited)	
		Six months ended 30 June	
	Note	2010 HK\$	2009 HK\$
Turnover	4	41,400	791,100
Cost of equity securities disposed of		–	(845,000)
Unrealised fair value (losses)/gains on financial assets at fair value through profit or loss		(1,981,193)	12,409,461
Gross (loss)/profit		(1,939,793)	12,355,561
Other income	4	38,248	741
Administrative expenses		(2,468,893)	(8,786,752)
Other operating expenses		(472,524)	(485,824)
(Loss)/Profit for the period	5	(4,842,962)	3,083,726
Attributable to:			
Equity holders of the Company	7	(4,842,962)	3,083,726
(Loss)/Earnings per share for (loss)/profit attributable to the equity holders of the Company during the period	8		
– basic		(HK cents 0.297)	HK cents 0.205
– diluted		(HK cents 0.295)	HK cents 0.205

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	(Unaudited) Six months ended 30 June	
	2010 HK\$	2009 HK\$
(Loss)/Profit for the period	<u>(4,842,962)</u>	<u>3,083,726</u>
Other comprehensive income		
Other comprehensive income for the period, (net of tax)	<u>-</u>	<u>-</u>
Total comprehensive (loss)/income for the period	<u>(4,842,962)</u>	<u>3,083,726</u>
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	<u>(4,842,962)</u>	<u>3,083,726</u>

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Note	(Unaudited) 30 June 2010 HK\$	(Audited) 31 December 2009 HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	9	187,990	274,283
Financial assets at fair value through profit or loss	10	14,750,000	22,420,000
Available-for-sale financial assets		20,927,000	20,927,000
		<u>35,864,990</u>	<u>43,621,283</u>
Current assets			
Financial assets at fair value through profit or loss	10	21,968,482	10,542,224
Deposits for acquisition of investments	11	–	–
Other receivables, prepayments and deposits		466,922	5,748,548
Cash and cash equivalents		21,577,619	25,092,571
		<u>44,013,023</u>	<u>41,383,343</u>
Total assets		<u>79,878,013</u>	<u>85,004,626</u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	12	1,630,200	1,630,200
Reserves		78,090,614	82,933,576
Total equity		<u>79,720,814</u>	<u>84,563,776</u>
LIABILITIES			
Current liabilities			
Other payables and accrued charges		157,199	440,850
Total liabilities		<u>157,199</u>	<u>440,850</u>
Total equity and liabilities		<u>79,878,013</u>	<u>85,004,626</u>
Net current assets		<u>43,855,824</u>	<u>40,942,493</u>
Total assets less current liabilities		<u>79,720,814</u>	<u>84,563,776</u>
Net asset value per share	13	0.0489	0.0519

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	(Unaudited)						Total HK\$
	Attributable to equity holders of the Company						
	Share capital HK\$	Share premium HK\$	Contributed surplus HK\$	Share-based payment reserves HK\$	Available- for-sale reserves HK\$	(Accumulated losses)/ Retained earnings HK\$	
Balance as at 1 January 2009	1,359,600	20,476,643	61,305,993	701,240	660,000	(34,905,238)	49,598,238
Share options granted during the period	-	-	-	5,932,451	-	-	5,932,451
Proceeds from placing of new shares	249,000	24,150,759	-	-	-	-	24,399,759
Exercise of share options	6,000	1,133,825	-	(97,325)	-	-	1,042,500
Profit for the period	-	-	-	-	-	3,083,726	3,083,726
Balance as at 30 June 2009	<u>1,614,600</u>	<u>45,761,227</u>	<u>61,305,993</u>	<u>6,536,366</u>	<u>660,000</u>	<u>(31,821,512)</u>	<u>84,056,674</u>
Balance as at 1 January 2010	1,630,200	48,838,530	61,305,993	6,133,463	-	(33,344,410)	84,563,776
Loss for the period	-	-	-	-	-	(4,842,962)	(4,842,962)
Balance as at 30 June 2010	<u>1,630,200</u>	<u>48,838,530*</u>	<u>61,305,993*</u>	<u>6,133,463*</u>	<u>-*</u>	<u>(38,187,372)*</u>	<u>79,720,814</u>

* These reserve accounts comprise the reserves of HK\$78,090,614 (31 December 2009: HK\$82,933,576) in the condensed statement of financial position.

CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	(Unaudited) Six months ended 30 June	
	2010 HK\$	2009 HK\$
Net cash used in operating activities	(3,594,600)	(4,439,153)
Net cash generated from/(used in) investing activities	79,648	(374,217)
Net cash generated from financing activities	–	31,374,710
Net (decrease)/increase in cash and cash equivalents	(3,514,952)	26,561,340
Cash and cash equivalents at beginning of period	25,092,571	1,078,712
Cash and cash equivalents at end of period	21,577,619	27,640,052
Analysis of balances of cash and cash equivalents		
Bank balances and cash	21,577,619	27,640,052

1. BASIS OF PREPARATION

This unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). It was authorised for issuance on 23 August 2010.

Except as described in note 2 to the interim financial report, the unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This unaudited interim financial report contains condensed financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the 2009 annual financial statements. The unaudited condensed interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs", which term collectively includes HKASs and Interpretations).

The financial information relating to the financial year ended 31 December 2009 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2009 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 21 April 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

The HKICPA has issued new and revised HKFRSs and a number of amendments to HKFRSs that are first effective for the current accounting period of the Company.

In the current interim period, the Company has applied, for the first time, the following new or revised HKFRSs and amendments issued by the HKICPA, which are effective for the Company's financial year beginning on 1 January 2010. The adoption of the following new and revised HKFRSs and amendments had no significant impacts on the Company's accounting policies and had no significant effect on the results reported for the first half of 2010.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK (IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

3. SEGMENT INFORMATION

The Company determines its operating segments based on the reports reviewed by the chief operating decision-maker, the Executive Directors of the Company, that are used to make strategic decisions.

The Company has four reportable segments. The segments are managed separately as each segment engages in investment in listed and unlisted companies in Hong Kong, the People's Republic of China (the "PRC") and Australia. The following summary describes the operations in each of the Company's reportable segments.

The business of investment in listed companies mainly refers to the investments in the Stock Exchange and the Australian Securities Exchange Limited. The major sources of income of the business are gains on disposals of investments and dividend income.

The business of investment in unlisted companies mainly refers to the investments in the unlisted companies in Hong Kong and the PRC. The major sources of income of the business are dividend income and guaranteed return provided by counter parties of certain unlisted investments.

Segment results represent the gross profit/(loss) for the period in each operating segment. This is the measure reported to the Company's chief operating decision maker for the purpose of resources allocation and assessment of segment performance. Segment results exclude other income such as interest income and unallocated corporate expenses such as administrative and other operating expenses.

Information regarding the Company's reportable segments as provided to the Company's chief operating decision maker for the purposes of allocation and assessment of segment performance for the period is set out below.

	Listed investments		Unlisted investments		Total HK\$
	Hong Kong HK\$	Australia HK\$	Hong Kong HK\$	The PRC HK\$	
For the six months ended 30 June 2010					
TURNOVER	41,400	-	-	-	41,400
Segment results	(4,245,911)	2,306,118	-	-	(1,939,793)
Interest income					38,248
Depreciation					(86,293)
Unallocated expenses					(2,855,124)
Loss for the period					(4,842,962)

3. SEGMENT INFORMATION (Continued)

	Listed investments		Unlisted investments		Total HK\$
	Hong Kong HK\$	Australia HK\$	Hong Kong HK\$	The PRC HK\$	
For the six months ended 30 June 2009					
TURNOVER	791,100	–	–	–	791,100
Segment results	20,318,879	(7,963,318)	–	–	12,355,561
Interest income					741
Depreciation					(14,382)
Unallocated expenses					(9,258,194)
Profit for the period					3,083,726

4. TURNOVER AND OTHER INCOME

The Company is engaged in investment in equity securities. Turnover and other income recognised during the period are as follows:

	(Unaudited) Six months ended 30 June	
	2010 HK\$	2009 HK\$
Turnover:		
Sales of financial assets at fair value through profit or loss	–	791,100
Dividend income	41,400	–
Other income:		
Interest income	38,248	741

5. (LOSS)/PROFIT FOR THE PERIOD

	(Unaudited) Six months ended 30 June	
	2010 HK\$	2009 HK\$
(Loss)/Profit for the period is arrived at:		
After charging the following items:		
Depreciation	86,293	14,382
Share options granted to consultants	–	4,492,522
Operating lease payment in respect of rental premises	432,720	550,948
Impairment loss on other receivables	36,986	–
	<hr/>	<hr/>
Staff costs, including directors' emoluments		
Wages and salaries	1,339,800	1,658,583
Share options granted	–	1,439,908
Retirement benefits scheme contributions	35,600	33,913
	<hr/>	<hr/>
	1,375,400	3,132,404
	<hr/>	<hr/>

6. INCOME TAX EXPENSE

No Hong Kong profits tax is provided as the estimated assessable profit for the period is fully offset by tax loss brought forward from last year (2009: Nil).

7. (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK\$4,842,962 (2009: Profit of HK\$3,083,726).

8. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	(Unaudited) Six months ended 30 June	
	2010 HK\$	2009 HK\$
(Loss)/Profit attributable to equity holders of the Company	(4,842,962)	3,083,726
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue	1,630,200,000	1,502,837,569
	<hr/>	<hr/>
Basic (loss)/earnings per share	(HK cents 0.297)	HK cents 0.205
	<hr/>	<hr/>

8. (LOSS)/EARNINGS PER SHARE (Continued)

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2010 HK\$	2009 HK\$
(Loss)/Profit attributable to equity holders of the Company	<u>(4,842,962)</u>	<u>3,083,726</u>
Weighted average number of ordinary shares in issue	1,630,200,000	1,502,837,569
Adjustments for – Share options	<u>10,519,769</u>	<u>3,397,298</u>
Weighted average number of ordinary shares for diluted (loss)/earnings per share	<u>1,640,719,769</u>	<u>1,506,234,867</u>
Diluted (loss)/earnings per share	<u>(HK cents 0.295)</u>	<u>HK cents 0.205</u>

9. PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

During the six months ended 30 June 2010, the Company did not acquire any items of property, plant and equipment (six months ended 30 June 2009: HK\$374,958). No items of property, plant and equipment were disposed of during the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

(b) Impairment losses

During the six months ended 30 June 2010, no impairment has been made to the property, plant and equipment (six months ended 30 June 2009: Nil).

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 June 2010 HK\$	(Audited) 31 December 2009 HK\$
Listed securities:		
Equity securities – Hong Kong	33,168,855	31,718,716
Equity securities – Australia	<u>3,549,627</u>	<u>1,243,508</u>
Market value of listed securities	36,718,482	32,962,224
Less: Non-Current portion	<u>(14,750,000)</u>	<u>(22,420,000)</u>
Current portion	21,968,482	<u>10,542,224</u>

Changes in fair values of financial assets at fair value through profit or loss are recorded in the condensed income statement.

The fair values of all equity securities are based on their current bid prices in an active market.

11. DEPOSIT FOR ACQUISITION OF AN INVESTMENT

The deposit of HK\$3,000,000 paid was for the purchase of 20% equity interests in an unlisted PRC company, 廣州星越航空服務有限公司, in previous years. Full impairment provision of HK\$3,000,000 had been made on 31 December 2009. There is no movement of the impairment during the current interim period. In March 2010, the Company decided to take legal actions against the vendor for his default in repayment but the Company could not reach the vendor. In June 2010, Director of the Company visited the contact address of the vendor and try to collect the debts, however the vendor still could not be reached.

12. SHARE CAPITAL

	(Unaudited) 30 June 2010		(Audited) 31 December 2009	
	Number of shares	HK\$	Number of shares	HK\$
Authorised				
Ordinary shares of HK\$0.001 each				
At beginning and end of the period/year	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>
Issued and fully paid				
Ordinary shares of HK\$0.001 each				
At beginning of the period/year	1,630,200,000	1,630,200	1,359,600,000	1,359,600
Placing of new shares	–	–	249,000,000	249,000
Exercise of share options	<u>–</u>	<u>–</u>	<u>21,600,000</u>	<u>21,600</u>
At end of the period/year	1,630,200,000	1,630,200	<u>1,630,200,000</u>	<u>1,630,200</u>

12. SHARE CAPITAL (Continued)

On 26 February 2009, the Company entered into a placing agreement (the "Placing Agreement") with a Placing Agent, an independent third party. On 19 March 2009, the placing was completed. Pursuant to the Placing Agreement, the Company issued a total of 249,000,000 ordinary shares with par value of HK\$0.001 each at a price of HK\$0.100 each. The issued share capital of the Company was thus increased from HK\$1,359,600 to HK\$1,608,600. The excess of the placement proceeds over the nominal value of share capital issued was credited as share premium. The Company will apply approximately HK\$24.4 million of the proceeds raised for numerous future investment opportunities to fulfill the investment objectives of the Company.

During the year of 2009, share options were exercised to subscribe for 21,600,000 ordinary shares of the Company at a total consideration of HK\$3,732,500, out of which HK\$21,600 was credited to the share capital, HK\$500,228 was debited to the share-based payment reserves and the balance of HK\$4,211,128 was credited to the share premium.

Issued capital as at 30 June 2010 amounted to HK\$1,630,200. There were no movements in the issued capital of the Company during the current reporting period.

13. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of HK\$79,720,814 (31 December 2009: HK\$84,563,776) and 1,630,200,000 (31 December 2009: 1,630,200,000) ordinary shares in issue as at 30 June 2010.

14. COMMITMENTS UNDER OPERATING LEASES

The Company leases an office under a non-cancellable operating lease agreement.

The future aggregate minimum lease payments under the non-cancellable operating lease are as follows:

	(Unaudited) 30 June 2010 HK\$	(Audited) 31 December 2009 HK\$
Not later than 1 year	629,532	839,376
Later than 1 year but not later than 5 years	-	209,844
	629,532	1,049,220

15. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Company has no significant events after the end of the reporting period.

16. RELATED PARTY TRANSACTIONS

Under Listing Rules Chapter 21.13, any investment manager, investment adviser or custodian (or any connected person thereof) is regarded as a connected person of the Company.

The following transactions were carried out with the related parties:

	(Unaudited) Six months ended 30 June	
	2010 HK\$	2009 HK\$
Investment management fee to		
Up Way Asia Fund Management Limited	180,000	57,097
Success Talent Investments Limited	–	90,000
Consultancy fee to Mr. Andrew Look (<i>Note</i>)	60,000	20,000

Note: As at 30 June 2010, Mr. Andrew Look was a single substantial shareholder.

17. SHARE-BASED PAYMENTS

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 8 February 2002, and revised pursuant to a resolution passed on 6 December 2002, for the primary purpose of providing incentives to Directors and eligible participants (as defined in the Scheme), and will expire on 7 February 2012. Under the Scheme, the Board of the Company may grant options to Directors of the Company (including Independent Non-executive Directors) and its eligible participants to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or Independent Non-executive Directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 7 days of the date of grant, upon payment of HK\$1.00 for the options granted. Options may be exercised at any time from the date of grant of the share option to a period to be notified by the Board of the Company to each grantee at the time of making such offer, which shall not expire later than 10 years from the date of grant. The exercise price is determined by the Board of the Company at its absolute discretion and will not be less than the higher of (a) the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (b) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share of the Company on the date of grant.

On 30 January 2008, the Company granted options under the Scheme to certain Directors, employees and consultants of the Company, which entitle them to subscribe for a total of 99,000,000 ordinary shares at HK\$0.175 per share, upon payment of HK\$1 per grant.

On 10 June 2009, the Company granted share options under the Scheme to certain Directors, employee and consultants of the Company, which entitle them to subscribe for a total of 135,960,000 ordinary shares at HK\$0.170 per share, upon payment of HK\$1 per grant.

17. SHARE-BASED PAYMENTS (Continued)

As at 30 June 2010, the total outstanding share options granted and yet to be exercised under the Scheme was 213,360,000 shares, representing approximately 13.09% of the issued share capital of the Company. All the options granted are exercisable within a period of 10 years commencing on the adoption date. These share options vested at the dates of their issues and are non-transferable.

Details of the share options are as follows:

Date of grant	Exercise Price	At 1 January 2010	Number of options			At 30 June 2010 (Note)
			Granted during the period	Exercised during the period	Cancelled during the period	
Share Option Scheme adopted by the Company on 8 February 2002						
30 January 2008	HK\$0.175	86,900,000	-	-	-	86,900,000
10 June 2009	HK\$0.170	126,460,000	-	-	-	126,460,000
		<u>213,360,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,360,000</u>
Weighted average exercise price		<u>HK\$0.172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>HK\$0.172</u>

Date of grant	Exercise Price	At 1 January 2009	Number of options			At 31 December 2009 (Note)
			Granted during the year	Exercised during the year	Cancelled during the year	
Share Option Scheme adopted by the Company on 8 February 2002						
30 January 2008	HK\$0.175	99,000,000	-	(12,100,000)	-	86,900,000
10 June 2009	HK\$0.170	-	135,960,000	(9,500,000)	-	126,460,000
		<u>99,000,000</u>	<u>135,960,000</u>	<u>(21,600,000)</u>	<u>-</u>	<u>213,360,000</u>
Weighted average exercise price		<u>HK\$0.175</u>	<u>HK\$0.170</u>	<u>HK\$0.173</u>	<u>-</u>	<u>HK\$0.172</u>

Note:

The share options outstanding at 30 June 2010 and 31 December 2009 were granted to eligible participants and exercisable during a period of 10 years commencing on the date of each grant. These share options vested at the dates of their issues.

17. SHARE-BASED PAYMENTS (Continued)

Share options outstanding at the end of the period have the following expiry dates and exercise prices:

Expiry date	Exercise price per share HK\$	30 June 2010 Number of share options	31 December 2009 Number of share options
29 January 2018	0.175	86,900,000	86,900,000
9 June 2019	0.170	126,460,000	126,460,000
		213,360,000	213,360,000

18. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2010

Up to the date of issue of this unaudited condensed interim financial report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ending 31 December 2010.

The Company is in the process of making an assessment of what the impact of these amendments, revised standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the interim financial report:

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 ¹
HKAS 24 (Revised)	Related Party Disclosures ²
HKAS 32 (Amendment)	Classification of Rights Issues ³
HKFRS 1 (Amendment)	Limited exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ⁴
HKFRS 9	Financial Instruments ⁵
HK (IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement ²
HK (IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁴

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

² Effective for annual periods beginning on or after 1 January 2011.

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 2013.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Company recorded a net loss of HK\$4,842,962 for the six months ended 30 June 2010 (2009: net profit of HK\$3,083,726). This is mainly due to the net unrealised fair value loss on the Company's listed investments.

As at 30 June 2010, the Company's net asset value ("NAV") per share was HK\$0.0489 (31 December 2009: HK\$0.0519), decreased by 5.78% compared to that as at 31 December 2009. At the end of the period under review, the Company's share price was HK\$0.149 (31 December 2009: HK\$0.173), reflecting a 204.70% (31 December 2009: 233.33%) premium to NAV per share.

Investment Review

During the first half of 2010, the global economy was stabilising, while consumer sentiment continued to improve. However, the financial market is still volatile to make uncertainty to the recovery of the economy. The MSCI World Index dropped around 11 per cent during the first half of 2010. Meanwhile, the performance of the Company's investment portfolio of listed securities was also got worse. Other than certain transactions, our portfolio maintained similar to that disclosed in the corresponding period in 2009. The Company continued to actively explore diversifying direct investment opportunities. To date, our existing portfolio mainly includes organic agriculture and emerging leasing markets in the PRC. In view of uncertainties in the economic outlook, the Company has continued to focus on strengthening its risk control and internal management and to prudently formulate its investment strategies, with an aim to minimize market risks and eventually to achieve our long-term investment objectives.

PROSPECTS

Unusual weather, which causes price volatility in agricultural products and energy, is influencing in our lives. As an enterprise engaged in the investment of environmental-related business, we are not only solely concerning on its rosy prospect but more importantly, to participate in the promotion of environmental protection.

A few years ago, the Company started to invest in an organic green agriculture project that has utilised biotechnologies for soil improvement, on the one hand increasing cultivable land in the PRC, on the other hand also significantly enhancing the quality and quantity of crops. The project currently mainly consists of rice growing in the Guangdong Province. In light of its good sales performance, we are planning to expand the scale of cultivation and extend farms to other provinces.

These technologies have also been applied to enhance the quality of feed for livestock, including pig, duck and chicken which are major meat consumption for Chinese people. Livestock in our farms are growing healthily free from additional artificial hormones and antibiotics. This marks a significant improvement in the livestock industry and makes contribution to our food safety and health.

The project is implemented under a collaborative business model between enterprises, local governments and farmers, which we consider to be an all-win solution that effectively promotes mass production and modernisation, and helps the local government to address issues on agriculture, rural development and farmers.

In the meantime, after analysing the market potential, the Company is highly optimistic towards the prospects of the electric vehicle industry, and thus seeking for potential investments in projects with their core technologies aiming at developing proprietary technologies and intellectual rights in the electric vehicle industry in the PRC. The PRC government has recently promulgated the implementation of its 100 billion supporting policy, to reach 5 million new energy vehicles by 2020; and various governments have also launched different supporting policies. Leveraging on our investment insight, we are looking forward to teaming up with outstanding enterprises and experts to grasp and jointly explore this immense business opportunity.

LIQUIDITY AND FINANCIAL RESOURCES

The Company continued to maintain a healthy financial position. As at 30 June 2010, the cash and bank balances of the Company were approximately HK\$21.6 million (31 December 2009: approximately HK\$25.1 million). The Board believes that the Company has sufficient working capital for its operations.

The Company did not pledge any marketable securities for banking facilities as at 30 June 2010 (31 December 2009: Nil) nor has any bank borrowing. The gearing ratio was nil (31 December 2009: Nil).

As at 30 June 2010, the Company had no material capital commitments and contingent liabilities.

EXPOSURE TO FOREIGN EXCHANGE RISK

Majority of the Company's investment are denominated in Hong Kong dollars (for certain investment in Hong Kong equity as well as cash with bank). The Company also has some investments in Australian Securities Exchange Limited (approximately 4.4% of total assets). As such, the Board considers the Company's exposure to foreign exchange fluctuation acceptable and no particular hedging strategy is needed to be adopted.

CAPITAL STRUCTURE

As at 30 June 2010, the Company's total number of issued shares was 1,630,200,000 (As at 31 December 2009: 1,630,200,000).

STAFF

As at 30 June 2010, the Company comprised of four executive directors, all of them are salaried, and two professional employees. Total staff cost, including contributions to Mandatory Provident Fund scheme, and directors' remuneration, paid during the first half of 2010 was approximately HK\$1.4 million (2009: approximately HK\$1.7 million). The remuneration packages for the employees and the directors are in line with the prevailing market practice and are determined on the basis of performance and experience of each individual.

DISCLOSURE OF INTERESTS

As at 30 June 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 and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as 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 the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

(a) Interests of the Directors in Shares and Underlying Shares of the Company

Name of Directors	Nature of interests	Ordinary shares of HK\$0.001 each		Approximate
		Personal interests	Note	percentage of total issued shares
WAI Chung Fai	Interests in underlying shares	10,000,000	(ii)	0.61%
SHIU Kwok Keung	Interests in underlying shares	20,000,000	(ii)	1.23%
CHU Wai Lim	Interests in issued shares	9,000,000		0.55%
FONG Son Wa	Interests in issued shares	2,000,000		0.12%
	Interests in underlying shares	7,000,000	(ii)	0.43%
CHOI Shek Chau	Interests in underlying shares	1,000,000	(ii)	0.06%

(b) As at 30 June 2010, details of share options granted to Directors, Substantial shareholders and employees under the share option scheme (the Company adopted the Scheme on 8 February 2002) of the Company were as follows:

Grantee	Date of grant	Exercise period	Exercise price per share	Number of share options	
				1 January 2010	30 June 2010
Directors					
WAI Chung Fai	30 January 2008	30 January 2008 to 29 January 2018	HK\$0.175	7,000,000	7,000,000
	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.170	3,000,000	3,000,000
SHIU Kwok Keung (Note (iii))	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.170	20,000,000	20,000,000
FONG Son Wa	30 January 2008	30 January 2008 to 29 January 2018	HK\$0.175	6,000,000	6,000,000
	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.170	1,000,000	1,000,000
CHOI Shek Chau	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.170	1,000,000	1,000,000
Substantial shareholder					
Andrew LOOK (Note (iii))	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.170	45,000,000	45,000,000
Former Director					
LAU Shun Chi, Benjamin	30 January 2008	30 January 2008 to 29 January 2018	HK\$0.175	8,000,000	8,000,000
	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.170	2,000,000	2,000,000
Employees					
Employees	30 January 2008	30 January 2008 to 29 January 2018	HK\$0.175	1,000,000	1,000,000
Employees	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.170	1,000,000	1,000,000

Notes:

- (i) As at 30 June 2010, the total number of issued shares of the Company was 1,630,200,000.
- (ii) These represent the interests in underlying shares in respect of share options granted by the Company, the details of which are stated in section (b) above.
- (iii) Mr. Shiu Kwok Keung and Mr. Andrew Look were previously granted share options in excess of their respective individual limit.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long positions

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Andrew Look	Beneficial owner	170,000,000	10.43%

In addition, Mr. Andrew Look has a personal interest in 45,000,000 underlying shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, as at 30 June 2010, no person, other than the Director whose interests are set out in the section "Disclosure of interests" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of Part XV of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme disclosures, at no time during the six months ended 30 June 2010 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director of the Company or their respective spouse or minor children, or were any such rights exercised by them; or was the Company a party to any arrangement to enable the Directors of the Company to acquire such rights in any other body corporate.

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

During the six months ended 30 June 2010, the Company did not purchase, sell or redeem any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the period under review.

AUDIT COMMITTEE

The Audit Committee of the Company comprises Mr. Tsang Wai Wa, Mr. Chen Man Lung and Mr. Choi Shek Chau who are all Independent Non-executive Directors of the Company.

The Audit Committee met and reviewed with the management the accounting principles and practices adopted by the Company, and discussed internal controls and financial reporting matters including a review of the Company's unaudited condensed financial statements for the six months ended 30 June 2010.

REMUNERATION COMMITTEE

A Remuneration Committee was established by the Company on 30 August 2005, in accordance with the requirement of the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 of the Listing Rules. The Remuneration Committee comprises one Executive Director and three Independent Non-executive Directors: Mr. Chu Wai Lim, Mr. Tsang Wai Wa, Mr. Chen Man Lung and Mr. Choi Shek Chau. Mr. Chu Wai Lim was the chairman of the Remuneration Committee. The Remuneration Committee has adopted terms of reference which are in line with the CG Code.

NOMINATION COMMITTEE

The Company has yet to appoint a Nomination Committee, the establishment of which is a recommended best practice by the Stock Exchange.

The current Board practice of appointment of new directors is that all valid nomination of candidates, accompanied with related details of their biographies, for directorships in the Company would be brought before the Board for consideration as soon as practicable. Consideration would be given to factors such as the candidate's experience and qualifications relevant to the Company's business. It is believed that members of the Board would collectively have the required professional knowledge and skills in discharging the Board's responsibility in identifying, recruiting and evaluating new nominees to the Board and the assessment of qualifications of nominated candidates for directorship.

During the period under review, the Board has adopted the aforesaid nomination policy in the nomination and appointment of Directors.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES UNDER THE LISTING RULES

The Company continues to improve its corporate governance and believes it is fundamental for the development of the Company as well as for the benefits of the shareholders. The Board is pleased to confirm that the Company has complied with the CG Code applicable during the period.

By Order of the Board
Shiu Kwok Keung
Executive Director

Hong Kong, 23 August 2010