



**OPES ASIA DEVELOPMENT LIMITED**  
**華保亞洲發展有限公司\***

(Continued into Bermuda with limited liability)  
(Stock Code : 810)

2013



INTERIM REPORT



\* For identification purposes only

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors:

Mr. Yang Yongdong  
*(Chief Executive Officer)*  
Mr. Chan Yiu Pun Clement  
Mr. Zhou Tao David

#### Independent Non-executive Directors:

Mr. Ku Siu Fun Alex  
Ms. Li Meizhen  
Mr. Fan Wai Kong Michael

### AUDIT COMMITTEE

Mr. Ku Siu Fun Alex *(Chairman)*  
Ms. Li Meizhen  
Mr. Fan Wai Kong Michael

### REMUNERATION COMMITTEE

Mr. Fan Wai Kong Michael *(Chairman)*  
Mr. Ku Siu Fun Alex  
Ms. Li Meizhen  
Mr. Chan Yiu Pun Clement

### NOMINATION COMMITTEE

Mr. Ku Siu Fun Alex *(Chairman)*  
Ms. Li Meizhen  
Mr. Fan Wai Kong Michael  
Mr. Yang Yongdong

### INVESTMENT COMMITTEE

Mr. He Weiqing  
*(Chief Investment Officer and  
Deputy Chief Executive Officer)*  
Mr. Chan Yiu Pun Clement  
Mr. Shi Chusheng  
Mr. Zhou Tao David

### COMPANY SECRETARY

Mr. Tsang Wai Wa

### AUDITORS

HLB Hodgson Impey Cheng Limited  
Certified Public Accountants  
31/F, Gloucester Tower  
The Landmark  
11 Pedder Street, Central  
Hong Kong

### INVESTMENT MANAGER

China International Capital Limited

### PRINCIPAL BANKER

Standard Chartered Bank (Hong Kong)  
Limited

### CUSTODIAN

Standard Chartered Bank (Hong Kong)  
Limited

### SOLICITORS

**As to Hong Kong Law**  
Sidley Austin

**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 3102-3105, 31/F,  
China Merchants Tower,  
Shun Tak Centre,  
168-200 Connaught Road Central,  
Hong Kong

### REGISTRARS IN HONG KONG

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

### WEBSITE

<http://www.irasia.com/listco/hk/opesasia>

**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 and its subsidiaries (the "Group") for the six months ended 30 June 2013, with comparative figures for the corresponding periods in 2012. These condensed consolidated interim financial statements have not been audited, but have been reviewed by HLB Hodgson Impey Cheng Limited, the Group's external auditors, and the Audit Committee.

## **CONDENSED CONSOLIDATED INCOME STATEMENT**

*For the six months ended 30 June 2013*

		<b>Six months ended 30 June</b>	
		<b>2013</b>	2012
		<b>HK\$</b>	HK\$
		<b>(Unaudited)</b>	(Unaudited)
Notes			
	Turnover	<b>26,793,446</b>	34,606,300
	Cost of equity securities disposed of	<b>(24,005,285)</b>	(33,308,950)
	Unrealised fair value change on financial assets at fair value through profit or loss	<b>274,755</b>	(12,920,579)
	Change in fair value of derivative component in convertible bond receivable	<b>(161,070)</b>	–
	Interest income on convertible bond	<b>3,363,657</b>	–
	Impairment loss on available-for-sale financial assets	<b>(6,000,000)</b>	–
	Dividend income	<b>67,000</b>	338,745
	Gross profit/(loss)	<b>332,503</b>	(11,284,484)
	Other income	<b>1,182</b>	369,133
	Administrative expenses	<b>(11,465,246)</b>	(10,785,207)
	Other operating expenses	<b>(3,285,002)</b>	(3,237,003)
	Finance costs	<b>(1,780)</b>	(3,553)
	Loss before income tax	<b>(14,418,343)</b>	(24,941,114)
	Income tax expenses	<b>(10,953)</b>	–
	Loss for the period	<b>(14,429,296)</b>	(24,941,114)
	Loss for the period attributable to owners of the Company	<b>(14,429,296)</b>	(24,941,114)
	Loss per share attributable to owners of the Company ( <i>HK cents</i> )		
	– Basic and diluted	<b>(4.82)</b>	(8.35)

The accompanying notes form an integral part of these condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 HK\$ (Unaudited)	2012 HK\$ (Unaudited)
Loss for the period	<b>(14,429,296)</b>	(24,941,114)
Other comprehensive income for the period, net of income tax:		
Items that may be reclassified subsequently to profit or loss:		
Change in fair values of available-for-sale financial assets	<b>24,214</b>	–
Reclassification of available-for-sale financial assets upon impairment	<b>2,800,000</b>	–
Exchange differences arising from translation of foreign operations	<b>(7,152)</b>	–
Other comprehensive income for the period, net of income tax	<b>2,817,062</b>	–
Total comprehensive loss for the period	<b>(11,612,234)</b>	(24,941,114)
<b>Total comprehensive loss for the period attributable to owners of the Company</b>	<b>(11,612,234)</b>	(24,941,114)

The accompanying notes form an integral part of these condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	<i>Notes</i>	<b>As at 30 June 2013 HK\$ (Unaudited)</b>	As at 31 December 2012 HK\$ (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	<b>3,433,339</b>	3,381,513
Intangible asset	11	<b>120,000</b>	120,000
Convertible bond receivable	12	–	21,672,209
Derivative component in convertible bond receivable	12	–	185,850
Financial assets at fair value through profit or loss	13	–	9,808,750
Available-for-sale financial assets	14	<b>12,238,496</b>	15,414,282
		<b>15,791,835</b>	50,582,604
<b>Current assets</b>			
Convertible bond receivable	12	<b>22,572,153</b>	–
Derivative component in convertible bond receivable	12	<b>24,780</b>	–
Financial assets at fair value through profit or loss	13	<b>18,159,010</b>	16,125,018
Deposits for acquisition of investments		<b>5,000,000</b>	5,000,000
Other receivables, prepayments and deposits		<b>6,963,787</b>	4,302,866
Cash and cash equivalents		<b>8,401,171</b>	12,637,602
		<b>61,120,901</b>	38,065,486
<b>Total assets</b>		<b>76,912,736</b>	88,648,090

	<i>Notes</i>	<b>As at 30 June 2013 HK\$ (Unaudited)</b>	As at 31 December 2012 HK\$ (Audited)
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	15	2,993,000	2,993,000
Reserves		72,315,845	83,928,079
<b>Total equity</b>		<b>75,308,845</b>	86,921,079
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables and accruals		1,597,389	1,721,394
Tax payables		6,502	5,617
<b>Total liabilities</b>		<b>1,603,891</b>	1,727,011
<b>Total equity and liabilities</b>		<b>76,912,736</b>	88,648,090
<b>Net current assets</b>		<b>59,517,010</b>	36,338,475
<b>Total assets less current liabilities</b>		<b>75,308,845</b>	86,921,079
<b>Net asset value per share</b>	16	<b>0.2516</b>	0.2904

The accompanying notes form an integral part of these condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to the owners of the Company							Total HK\$
	Share capital HK\$	Share premium HK\$	Contributed surplus HK\$	Share-based payments reserve HK\$	Available-for-sale fair value reserve HK\$	Translation reserve HK\$	Accumulated losses HK\$	
At 1 January 2012 (Audited)	2,494,200	-	124,403,873	6,254,718	-	-	(18,850,009)	114,302,782
Proceeds from placing of new shares	498,800	16,340,687	-	-	-	-	-	16,839,487
Share option lapsed	-	-	-	(678,368)	-	-	678,368	-
Total comprehensive loss for the period	-	-	-	-	-	-	(24,941,114)	(24,941,114)
At 30 June 2012 (Unaudited)	2,993,000	16,340,687	124,403,873	5,576,350	-	-	(43,112,755)	106,201,155
At 1 January 2013 (Audited)	2,993,000	16,340,687	124,403,873	5,576,350	(5,005,718)	4,914	(57,392,027)	86,921,079
Loss for the period	-	-	-	-	-	-	(14,429,296)	(14,429,296)
Reclassification of available-for-sale financial assets upon impairment	-	-	-	-	2,800,000	-	-	2,800,000
Change in fair value of available-for-sale financial assets	-	-	-	-	24,214	-	-	24,214
Exchange differences arising from translation of foreign operations	-	-	-	-	-	(7,152)	-	(7,152)
Total comprehensive income/(loss) for the period	-	-	-	-	2,824,214	(7,152)	(14,429,296)	(11,612,234)
At 30 June 2013 (Unaudited)	2,993,000	16,340,687	124,403,873	5,576,350	(2,181,504)	(2,238)	(71,821,323)	75,308,845

The accompanying notes form an integral part of these condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 HK\$ (Unaudited)	2012 HK\$ (Unaudited)
<b>Net cash used in operating activities</b>	<b>(1,353,761)</b>	(13,259,144)
<b>Net cash used in investing activities</b>	<b>(2,875,518)</b>	(1,433,212)
<b>Net cash generated from financing activities</b>	<b>–</b>	16,839,487
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,229,279)</b>	2,147,131
Cash and cash equivalents at the beginning of the period	<b>12,637,602</b>	30,206,869
Effect of foreign exchange rate changes on balance of cash held in foreign currencies	<b>(7,152)</b>	–
<b>Cash and cash equivalents at the end of the period</b>	<b>8,401,171</b>	32,354,000
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and bank balances	<b>8,401,171</b>	32,354,000

The accompanying notes form an integral part of these condensed consolidated financial statements.



## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

*For the six months ended 30 June 2013*

### **1. BASIS OF PREPARATION**

The condensed consolidated interim financial statements for the six months ended 30 June 2013 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). They have been prepared under the historical cost convention, except for certain financial instruments, which are carried at fair values. The condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest dollar except when otherwise indicated. The condensed consolidated interim financial statements are unaudited, but have been reviewed by HLB Hodgson Impey Cheng Limited, the Group’s external auditors, and the Audit Committee.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in preparing the condensed consolidated interim financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2012 except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA as discussed below.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2013.

Amendments to HKFRSs	Annual Improvements 2009-2011 Cycle
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, HKFRS 11 & HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities – Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

The application of the above new and revised HKFRSs had no material effect on the results and financial positions of the Group for the current or prior accounting periods that have been prepared and presented. Accordingly, no prior period adjustment has been required.

**2. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 9 & HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure <sup>2</sup>
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities <sup>1</sup>
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
HKAS 36 (Amendments)	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HK(IFRIC) – Int 21	Levies <sup>1</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 January 2014*

<sup>2</sup> *Effective for annual periods beginning on or after 1 January 2015*

The Group is in the process of assessing the potential impact of the above new and revised HKFRSs upon initial application but is not yet in a position to state whether the above new and revised HKFRSs will have a significant impact on the Group's results of operations and financial position. The Group intends to adopt the new/revised standards and amendments to existing standards when they become effective.

### 3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

The Group has six (six months ended 30 June 2012: seven) reportable business segments. Each business segment is managed separately and is engaged in investment in listed and unlisted companies in Hong Kong, the People's Republic of China (the "PRC"), Macau, Australia and the United States (the "US"). The following summary describes the operations in each of the Group's reportable business segments.

#### **Listed investments**

There are three (six months ended 30 June 2012: four) reportable business segments under this category, namely investments in listed companies on the Stock Exchange of Hong Kong, investment in a listed company on the Australian Securities Exchange Limited and investment in a listed company on the New York Stock Exchange Euronext. The major sources of net income from these three business segments are gains on disposals of listed securities and dividend income, if any.

#### **Unlisted investments**

There are three (six months ended 30 June 2012: three) reportable business segments under this category, namely investments in unlisted companies in Hong Kong, the PRC and Macau. The major sources of income of these three business segments are dividend income from investments or guaranteed return provided by counterparties of the unlisted investments.

Segment results represent the gross profit/(loss) for the period in each business segment. This is the measure reported to the Group'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.

**3. SEGMENT INFORMATION** *(Continued)*

Information regarding the Group's reportable segments as provided to the Group'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\$	The US HK\$	Hong Kong HK\$	The PRC HK\$	Macau HK\$	
For the six months ended 30 June 2013 (Unaudited)							
Turnover	25,480,661	-	1,312,785	-	-	-	26,793,446
Segment results	2,862,799	-	267,117	-	(6,000,000)	3,202,587	332,503
Interest income							1,182
Interest expenses							(1,780)
Depreciation							(796,112)
Unallocated expenses							(13,954,136)
Income tax expenses							(10,953)
Loss for the period							<u>(14,429,296)</u>

	Listed investments				Unlisted investments			Total HK\$
	Hong Kong HK\$	The PRC HK\$	Australia HK\$	The US HK\$	Hong Kong HK\$	The PRC HK\$	Macau HK\$	
For the six months ended 30 June 2012 (Unaudited)								
Turnover	32,593,421	2,012,879	-	-	-	-	-	34,606,300
Segment results	(10,980,453)	905,252	(1,189,708)	(19,575)	-	-	-	(11,284,484)
Interest income								369,133
Depreciation								(309,435)
Finance costs								(3,553)
Unallocated expenses								(13,712,775)
Loss for the period								<u>(24,941,114)</u>

#### 4. TURNOVER AND OTHER INCOME

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

	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<i>HK\$</i>	<i>HK\$</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Turnover:</b>		
Sale of equity securities	<b>26,793,446</b>	34,606,300
<b>Other income:</b>		
Bank interest income	<b>1,182</b>	1,082
Other interest income	–	368,051
	<b>1,182</b>	369,133

#### 5. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<i>HK\$</i>	<i>HK\$</i>
	<b>(Unaudited)</b>	(Unaudited)
Interest on bank overdrafts	<b>(1,780)</b>	(3,553)

## **6. LOSS FOR THE PERIOD**

Loss for the period has been arrived at after charging the following items:

	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>HK\$</b>	HK\$
	<b>(Unaudited)</b>	(Unaudited)
Depreciation	<b>796,112</b>	309,435
Minimum lease payments under operating leases:		
– property rental	<b>1,653,719</b>	1,796,610
Staff costs:		
Employee benefits expense (including directors' remuneration):		
Salaries and allowances	<b>3,903,572</b>	3,062,337
Mandatory provident fund contributions	<b>72,570</b>	38,657
	<b>3,976,142</b>	3,100,994

## **7. INCOME TAX**

No Hong Kong profits tax has been provided as the Group did not have any assessable profits for the period (six months ended 30 June 2012: Nil).

The PRC enterprise income tax is calculated at 25% of the estimated assessable profit for the period (six months ended 30 June 2012: Nil).

## **8. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY**

The consolidated loss attributable to owners of the Company for the period included a loss of HK\$14,429,296 (six months ended 30 June 2012: loss of HK\$24,941,114) which has been dealt with in the financial statements of the Company.

## 9. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period attributable to owners of the Company of HK\$14,429,296 (six months ended 30 June 2012: HK\$24,941,114) and the weighted average number of ordinary shares of 299,300,000 ordinary shares (six months ended 30 June 2012: 298,751,868 ordinary shares).

During the six months ended 30 June 2013 and 2012, the Company's outstanding share options were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options were anti-dilutive.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group acquired items of property, plant and equipment of a sum of HK\$847,938 (six months ended 30 June 2012: HK\$1,682,345). No item of property, plant and equipment was disposed of during the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

During the six months ended 30 June 2013, no impairment loss has been made to the property, plant and equipment (six months ended 30 June 2012: Nil).

## 11. INTANGIBLE ASSET

During the six months ended 30 June 2013 and 2012, intangible asset represent a club membership with indefinite useful life of HK\$120,000.

During the six months ended 30 June 2013, no impairment loss has been made to the intangible asset (six months ended 30 June 2012: Nil).



## 12. CONVERTIBLE BOND RECEIVABLE/DERIVATIVE COMPONENT IN CONVERTIBLE BOND RECEIVABLE

During the six months ended 30 June 2012, the Group entered into an agreement to subscribe for convertible bond ("CB") with principal amount of RMB20,000,000 from Ascent Glory Holdings Limited ("AGHL"), a wholly owned subsidiary of Grand Success Business Limited ("GSBL") at a consideration of RMB20,000,000 (approximately HK\$24,680,000). The CB carries interest of 20% per annum and will mature on 12 June 2014. The initial conversion price is RMB2,400 per share (subject to adjustment). Unless previously converted or lapsed, AGHL will redeem the CB on 12 June 2014 at the redemption amount which is 100% of the principal amount of outstanding CB. Since the CB will be matured in the coming twelve months, both convertible bond receivable and derivative component in convertible bond are classified as current asset as at 30 June 2013.

Both GSBL and AGHL were incorporated in the British Virgin Islands and AGHL holds 50% equity interest in 澳門飛馬煙草(集團)有限公司 (English translation as "Macao Pegasus Tabacco (Group) Limited"), a company incorporated in Macau with principal activities of manufacture, wholesale, retail, import and export of cigarettes to and from Macau.

The CB was recognised as follows:

	<b>Debt component HK\$</b>	<b>Derivative component HK\$</b>
At 1 January 2013 (audited)	<b>21,672,209</b>	<b>185,850</b>
Interest credited for the period	<b>899,944</b>	–
Fair value change	–	<b>(161,070)</b>
<b>At 30 June 2013 (unaudited)</b>	<b>22,572,153</b>	<b>24,780</b>

## 12. CONVERTIBLE BOND RECEIVABLE/DERIVATIVE COMPONENT IN CONVERTIBLE BOND RECEIVABLE *(Continued)*

The methods and assumptions applied for the valuation of the CB are as follows:

### (i) Valuation of debt component

The fair value of debt component was calculated based on the present value of contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the credit rating of the CB issuer and maturity term. The effective interest rate of the debt component as at 30 June 2013 and 31 December 2012 is 32.41%.

### (ii) Valuation of derivative component

Derivative component is measured at fair value using the Binomial Model, at initial recognition and at the end of the reporting period.

## 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>As at 30 June 2013 HK\$ (Unaudited)</b>	As at 31 December 2012 HK\$ (Audited)
<b>Listed securities:</b>		
Equity securities – Hong Kong	<b>18,159,010</b>	24,888,100
Equity securities – the US	–	1,045,668
Market value of listed securities	<b>18,159,010</b>	25,933,768
Less: Non-current portion	–	(9,808,750)
Current portion	<b>18,159,010</b>	16,125,018

### 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Changes in fair values of financial assets at fair value through profit or loss are recorded in "unrealised fair value change on financial assets at fair value through profit or loss" in the consolidated income statement.

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

### 14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>As at 30 June 2013 HK\$ (Unaudited)</b>	As at 31 December 2012 HK\$ (Audited)
<b>Unlisted securities:</b>		
– Hong Kong	<b>6,197,496</b>	9,106,282
– the PRC	<b>6,041,000</b>	6,308,000
	<b>12,238,496</b>	15,414,282
Less: Non-current portion	<b>(12,238,496)</b>	(15,414,282)
Current portion	–	–

**14. AVAILABLE-FOR-SALE FINANCIAL ASSETS** *(Continued)*

Movements of available-for-sale financial assets during the period/year are as follows:

	<b>Six months ended 30 June 2013 HK\$ (Unaudited)</b>	For the year ended 31 December 2012 HK\$ (Audited)
At the beginning of the period/year	<b>15,414,282</b>	9,735,000
Addition	–	11,600,000
Impairment loss recognised	<b>(3,200,000)</b>	(2,640,000)
Changes in fair value	<b>24,214</b>	(3,280,718)
At the end of the period/year	<b>12,238,496</b>	15,414,282

The Group has not reclassified any available-for-sale financial assets measured at cost and fair value during the period.

The carrying amount of available-for-sale financial assets are measured as follows:

	<b>As at 30 June 2013 HK\$ (Unaudited)</b>	As at 31 December 2012 HK\$ (Audited)
Available-for-sale financial assets measured at:		
– cost	–	–
– fair value	<b>12,238,496</b>	15,414,282
	<b>12,238,496</b>	15,414,282

## 15. SHARE CAPITAL

### For the six months ended 30 June 2013

#### Authorised:

HK\$0.01 each per share

At 1 January 2013 (audited) and  
30 June 2013 (unaudited)

Number of ordinary shares (Unaudited)	HK\$ (Unaudited)
<b>20,000,000,000</b>	<b>200,000,000</b>

#### Issued and fully paid:

HK\$0.01 each per share

At 1 January 2013 (audited) and  
30 June 2013 (unaudited)

<b>299,300,000</b>	<b>2,993,000</b>
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### For the year ended 31 December 2012

#### Authorised:

HK\$0.01 each per share

At 1 January 2012 (audited) and  
31 December 2012 (audited)

Number of ordinary shares (Audited)	HK\$ (Audited)
20,000,000,000	200,000,000

#### Issued and fully paid:

HK\$0.01 each per share

At 1 January 2012 (audited)  
Placing of new shares (*Note (a)*)

249,420,000	2,494,200
49,880,000	498,800

At 31 December 2012 (audited)

<b>299,300,000</b>	<b>2,993,000</b>
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#### Note:

- (a) On 6 December 2011, the Company entered into a placing agreement (the "Placing Agreement 2012") with a placing agent, an independent third party. On 3 January 2012, the placing was completed. Pursuant to the Placing Agreement 2012, the Company issued a total of 49,880,000 ordinary shares with par value of HK\$0.01 each at a price of HK\$0.35 each. The issued share capital of the Company was thus increased from HK\$2,494,200 to HK\$2,993,000. The excess of the placement proceeds over the nominal value of share capital issued was credited as share premium. The Company will apply the net proceeds for the general working capital of the Company and potential investments to be identified.

## 16. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of HK\$75,308,845 (31 December 2012: HK\$86,921,079) and 299,300,000 (31 December 2012: 299,300,000) ordinary shares in issue as at 30 June 2013.

## 17. COMMITMENTS UNDER OPERATING LEASES

### As lessee

As at 30 June 2013 and 31 December 2012, the Group had outstanding commitments payable under non-cancellable operating leases in respect of office premises with average lease term of 3 years which fall due as follows:

	<b>As at 30 June 2013 HK\$ (Unaudited)</b>	As at 31 December 2012 HK\$ (Audited)
Within one year	<b>4,551,840</b>	4,997,880
In the second to fifth years, inclusive	<b>1,632,125</b>	3,870,875
	<b>6,183,965</b>	8,868,755

## 18. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

	<b>Six months ended 30 June</b>	
	<b>2013 HK\$ (Unaudited)</b>	2012 HK\$ (Unaudited)
Investment management fee paid to: China International Capital Limited ( <i>Note (a)</i> )	<b>143,370</b>	1,090,842
Compensation of key management personnel of the Group:		
Salaries, allowances and benefits in kind	<b>1,418,402</b>	1,620,584
Mandatory provident fund contributions	<b>22,608</b>	24,000
Total compensation paid to key management personnel	<b>1,441,010</b>	1,644,584

*Note:*

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

## **19. SHARE OPTION SCHEME**

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 has expired 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 might 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 might be granted to any individual in any one year was 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 and 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 might 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 should not expire later than 10 years from the date of grant. The exercise price was determined by the Board of the Company at its absolute discretion and would 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.

## 19. SHARE OPTION SCHEME *(Continued)*

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, employees 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.

The grant of the aggregate of 135,960,000 share options of which 65,000,000 share options is conditional on, among others, the shareholders' approval at the special general meeting and the Listing Committee of the Stock Exchange granting the listing of and permission to deal in such number of Shares which may be issued pursuant to exercise of options to be granted. On 19 August 2009, the shareholders' approval was obtained through the passing of ordinary resolutions at special general meeting and the approval from the Stock Exchange has also been obtained thereafter.

On 26 July 2011, the Company granted share options under the Scheme to certain Directors of the Company, which entitled them to subscribe for a total of 67,880,000 ordinary shares at HK\$0.065 per share, upon payment of HK\$1 per grant.

The exercise price and number of options outstanding have been adjusted in accordance with share consolidation of ten shares into one consolidated share.

All the 17,887,724 (31 December 2012: 17,887,724) outstanding share options granted and yet to be exercise represents approximately 5.98% (31 December 2012: 5.98%) of the issued share capital of the Company as at 30 June 2013. All the options granted are exercisable within a period of 10 years commencing on the grant date. These share options vested at the dates of their issue and they are non-transferable.



## **19. SHARE OPTION SCHEME** *(Continued)*

On 31 July 2012, a new Share Option Scheme (the "New Scheme") was adopted by the Company.

The Company's New Scheme was adopted pursuant to a resolution passed on 31 July 2012 for the primary purpose of providing incentives to Directors and eligible participants (as defined in the New Scheme), and will expire on 30 July 2022. Under the New Scheme, the Board may grant options to Directors of the Company (including Non-executive Directors and 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 New 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 and 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 on or before the relevant acceptance date, 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 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 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.

No share option is granted under the New Scheme during the six months ended 30 June 2013.

## 19. SHARE OPTION SCHEME (Continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

Date of grant	Exercise price (Note (ii))	At	Granted	Exercised	Cancelled	Lapsed	At
		1 January 2013	during the period	during the period	during the period	during the period	30 June 2013 (Note (i))
Share Option Scheme adopted by the Company on 8 February 2002							
30 January 2008	HK\$1.538	2,503,448	-	-	-	-	2,503,448
10 June 2009	HK\$1.494	11,090,276	-	-	-	-	11,090,276
26 July 2011	HK\$0.650	4,294,000	-	-	-	-	4,294,000
		<b>17,887,724</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,887,724</b>
Weighted average exercise price		<b>HK\$1.300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>HK\$1.300</b>

Date of grant	Exercise price (Note (ii))	At	Granted	Exercised	Cancelled	Lapsed	At
		1 January 2012	during the period	during the period	during the period	during the period	30 June 2012 (Note (i))
Share Option Scheme adopted by the Company on 8 February 2002							
30 January 2008	HK\$1.538	2,503,448	-	-	-	-	2,503,448
10 June 2009	HK\$1.494	11,090,276	-	-	-	-	11,090,276
26 July 2011	HK\$0.650	6,788,000	-	-	-	(2,494,000)	4,294,000
		<b>20,381,724</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,494,000)</b>	<b>17,887,724</b>
Weighted average exercise price		<b>HK\$1.210</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>HK\$0.650</b>	<b>HK\$1.300</b>

## 19. SHARE OPTION SCHEME (Continued)

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

Expiry date	Exercise price per share (Note (ii))	As at	As at
		30 June 2013	31 December 2012
		Number of share options	Number of share options
29 January 2018	HK\$1.538	<b>2,503,448</b>	2,503,448
9 June 2019	HK\$1.494	<b>11,090,276</b>	11,090,276
25 July 2021	HK\$0.650	<b>4,294,000</b>	4,294,000
		<b>17,887,724</b>	17,887,724

Notes:

- (i) The share options outstanding at 30 June 2013 and 31 December 2012 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 issue.
- (ii) The numbers of share options and its exercise price have been adjusted after the completion of open offer and share consolidation of the Company on 16 June 2011 and 30 November 2011 respectively.

## 20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities are determined as follows:

- (i) the fair value of financial assets and financial liabilities (including derivative instruments) with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and
- (ii) the fair value of other financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input. For an option-based derivative, the fair value is estimated using option pricing model (for example, the Binomial model).

## 20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded in the condensed consolidated financial statements approximate their fair values.

<b>30 June 2013</b>	<b>Carrying amount <i>HK\$</i></b>	<b>Fair value <i>HK\$</i></b>
Convertible bond receivable	<b>22,572,153</b>	<b>24,581,760</b>
31 December 2012	Carrying amount <i>HK\$</i>	Fair value <i>HK\$</i>
Convertible bond receivable	21,672,209	24,358,740

The Group's financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the six months ended 30 June 2013, there were no transfers between Level 1 and 2, or transfers into or out of Level 3 (for the six months ended 30 June 2012: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

## 20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

The Group held the following assets measured at fair value.

30 June 2013

	Level 1 <i>HK\$</i>	Level 2 <i>HK\$</i>	Level 3 <i>HK\$</i>	Total <i>HK\$</i>
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	18,159,010	–	–	18,159,010
Derivative component in convertible bond receivables	–	–	24,780	24,780
Available-for-sale financial assets	–	–	12,238,496	12,238,496
<b>Total</b>	<b>18,159,010</b>	<b>–</b>	<b>12,263,276</b>	<b>30,422,286</b>

31 December 2012

	Level 1 <i>HK\$</i>	Level 2 <i>HK\$</i>	Level 3 <i>HK\$</i>	Total <i>HK\$</i>
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	25,933,768	–	–	25,933,768
Derivative component in convertible bond receivables	–	–	185,850	185,850
Available-for-sale financial assets	–	–	15,414,282	15,414,282
<b>Total</b>	<b>25,933,768</b>	<b>–</b>	<b>15,600,132</b>	<b>41,533,900</b>

## 20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

The fair value of unlisted available-for-sale financial assets was arrived at on the basis of business valuation carried out on that day by independent qualified professional valuers not connected with the Group. The valuations were arrived at by reference to either the income approach or the price-to-book ratios of similar listed companies and adjusted to reflect the specific circumstance of the investments.

The fair value of derivative component in convertible bonds was determined using the Binomial Model.

The net unrealised fair value change arising from the remeasurement of the unlisted available-for-sale financial assets are recognised in available-for-sale fair value reserve in other comprehensive income. The remeasurement of derivative component in convertible bonds are presented in the consolidated income statement.

### Reconciliation of Level 3 fair value measurements of financial assets

30 June 2013	Available-for- sale financial assets <i>HK\$</i>	Derivative component in convertible bonds <i>HK\$</i>	Total <i>HK\$</i>
Opening balance	15,414,282	185,850	15,600,132
Gain or losses recognised in:			
– profit or loss	(3,200,000)	(161,070)	(3,361,070)
– other comprehensive income	24,214	–	24,214
Closing balance	12,238,496	24,780	12,263,276

**20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS** *(Continued)*  
**Reconciliation of Level 3 fair value measurements of financial assets**  
*(Continued)*

	Available-for- sale financial assets <i>HK\$</i>	Derivative component in convertible bonds <i>HK\$</i>	Total <i>HK\$</i>
31 December 2012			
Opening balance	7,095,000	–	7,095,000
Gain or losses recognised in:			
– profit or loss	–	(3,874,010)	(3,874,010)
– other comprehensive income	(3,280,718)	–	(3,280,718)
Additions	11,600,000	4,059,860	15,659,860
Closing balance	15,414,282	185,850	15,600,132

**21. EVENTS AFTER THE END OF THE REPORTING PERIOD**

On 23 August 2013, a direct wholly owned subsidiary terminated the non-legally binding memorandum of understanding (“MOU”) with a major shareholder of CNI Securities Group Limited (“CNI”) to acquire at least 5% equity interest but not more than 30% equity interest in CNI. The deposit of HK\$5,000,000 paid for the MOU was refunded to the Group on 26 August 2013.



國衛會計師事務所有限公司  
**Hodgson Impey Cheng Limited**

31/F, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central  
Hong Kong

## **INDEPENDENT REVIEW REPORT**

**TO THE BOARD OF DIRECTORS OF  
OPES ASIA DEVELOPMENT LIMITED**

*(Continued in Bermuda with limited liability)*

We have reviewed the interim financial information set out on pages 2 to 30, which comprises the condensed consolidated statement of financial position of Opes Asia Development Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 June 2013 and the related condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



### **Scope of Review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

### **HLB Hodgson Impey Cheng Limited**

Certified Public Accountants

### **Yu Chi Fat**

Practising Certificate Number: P05467

Hong Kong, 28 August 2013

## MANAGEMENT DISCUSSION AND ANALYSIS

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

### FINANCIAL REVIEW

The Group recorded a turnover of HK\$26,793,446 (2012: HK\$34,606,300) and a loss of HK\$14,429,296 (2012: HK\$24,941,114) for the six months ended 30 June 2013.

As at 30 June 2013, the Group's net asset value ("NAV") per share was HK\$0.2516 (31 December 2012: HK\$0.2904), decreased by 13.37% compared to that as at 31 December 2012.

### INVESTMENT REVIEW

In the first half of 2013, the negative factors affecting investment market still existed, but their impact was less substantial than that of last year. The Company had restructured its investment portfolio of listed securities by leveraging on the improved external market sentiment, and successfully achieved a turnaround from a gross loss in last year to a gross profit from investment in the first half year.

## **PROSPECT**

In the half year just past, it was encouraging to envisage the economies in Europe and US were recovering slowly with the US stock market reaching new records high again and again, demonstrating that the insight that the backbone of global economy had again returned back to the developed countries. The foreign exchange crisis in India should be a typical reflection of the expectation that the US's QE exit would generate a huge pressure on the emerging economies. With the continuous improvement in the US employment statistics, it is expected that the US Federal Reserves may start reducing its treasury bonds purchase in the fourth quarter of this year, and duly commences its QE exit plan, hence the economies of emerging countries will sustain more pressure than in the first half year. In Japan, after the ruling party alliance won the Senate election, it had laid a solid foundation for Shinzo Abe to continue implementing the policies of reviving its economy. Shinzo Abe may launch a series of measures shortly to adjust its economic structure and optimize the structures in agriculture, green energy and export to facilitate the rejuvenation of Japanese economy to once again regain its international competitive advantages. The new consumption tax policy in Japan will be launched pending its economic recovery conditions, and prior to this, it is expected that the Japanese economy will always be in a delicate condition.

After experiencing the production capacity reduction, deleveraging and economic slowdown in the first half year, the overall economy of China still remained sound because of its prudent adjustment and control. With the gradual launching of a series of measures by the central government in adjusting its economic structure, it is expected that the tertiary industry devoting to improve and enhance people's living standard like medical, entertainment, pension, environmental protection and new urbanization sectors or areas will become the economic development focuses of China in future. Under the background of high rapid development of internet and intelligent terminals, information spending will be escalated to national strategic level, for which the change of people's consumption behavior or habits will bring tremendous business opportunities. We are continuously paying attention and keeping up with the potential long-term investment opportunities arising from such industries or sectors.

For the second half year, after its economy had experienced a short stabilization because of inventory replenishment, the China economy may still encounter difficulties under the main background of deleveraging and structure adjustment, in particular that its liquidity might face more intense situation in the fourth quarter. This will bombard the relevant investment industries like the real estate sector that are driven by funds. We will pay prudent attention regarding the impact or change on China economy as a result of such situation, seeking short-term investment opportunities under the cyclical investment targets.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2013, the cash and bank balances of the Group were approximately HK\$8.4 million (31 December 2012: approximately HK\$12.63 million).

The Group did not pledge any marketable securities for banking facilities as at 30 June 2013 (31 December 2012: Nil) nor has any bank borrowing. The gearing ratio was nil (31 December 2012: Nil).

As at 30 June 2013, the Group had no material capital commitments and contingent liabilities.

## EXPOSURE TO FOREIGN EXCHANGE RISK

Majority of the Group's investments are denominated in Hong Kong dollars, therefore, the Board considers the Group has no exposure to foreign exchange fluctuation.

## CAPITAL STRUCTURE

As at 30 June 2013, the Company's total number of issued shares was 299,300,000 (As at 31 December 2012: 299,300,000).

## STAFF

As at 30 June 2013, the Company has 19 staff, including three Executive Directors. Among those staff, 15 were in Hong Kong, 2 in Shenzhen and 2 in Shanghai. Total staff cost and directors' remuneration paid during the first half of 2013 was approximately HK\$3.9 million (2012: approximately HK\$3.1 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.

## THE BOARD

Up to the date of this interim report, the position of the Chairman is still vacant since the removal of the ex-Chairman by the shareholders on 16 May 2012.

Mr. Chu Wai Lim and Md. Fong Son Wa resigned as Executive Directors of the Company on 10 January 2013.

Mr. Zhou Tao David was appointed as Executive Directors of the Company to fill the vacancy on 30 April 2013.

Mr. Zheng Gang resigned as Independent Non-executive Director, member of Audit Committee, Chairman of Remuneration Committee and member of Nomination Committee of the Company on 10 May 2013 and Mr. Fan Wai Kong Michael was appointed as Independent Non-executive Director, member of Audit Committee, Chairman of Remuneration Committee and member of Nomination Committee of the Company with effect from 21 May 2013 to fill the vacancy.

As at the date of this interim report, the Board consists of three Executive Directors namely, Mr. Yang Yongdong, Mr. Chan Yiu Pun Clement and Mr. Zhou Tao David and three Independent Non-executive Directors namely, Mr. Ku Siu Fun Alex, Ms. Li Meizhen and Mr. Fan Wai Kong Michael.

## **DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

As at 30 June 2013, 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:

### **Long Position in the Ordinary Shares of HK\$0.01 Each (the "Shares") in the Company**

<b>Name of Director</b>	<b>Number of Shares</b>	<b>Type of interest</b>	<b>Percentage of issued share capital</b>
Mr. Yang Yongdong	2,494,000 ( <i>note</i> )	Beneficial	0.83%

*Note:* This represents the share options granted by the Company.

## SHARE OPTIONS

As at 30 June 2013, details of share options granted to Directors, substantial shareholders and employees under the share option scheme adopted on 8 February 2002 were as follows:

Grantee	Position	As at 1/1/2013	Lapsed and cancelled during the year	Granted during the year	Transferred	As at 30/6/2013	Exercised price HK\$	Grant date	Exercisable period
YANG Yongdong	Executive Director	2,494,000	-	-	-	2,494,000	0.65	26/7/2011	26/7/2011 to 25/7/2021
CHU Wai Lim	Former Executive Director (Note)	600,000	-	-	(600,000)	-	0.65	26/7/2011	26/7/2011 to 25/7/2021
FONG Son Wa	Former Executive Director (Note)	682,759	-	-	(682,759)	-	1.538	30/1/2008	30/1/2008 to 29/01/2018
		113,793	-	-	(113,793)	-	1.494	10/6/2009	10/6/2009 to 9/6/2019
		300,000	-	-	(300,000)	-	0.65	26/7/2011	26/7/2011 to 25/7/2021
LOOK Andrew	Former substantial shareholder	5,120,690	-	-	-	5,120,690	1.494	10/6/2009	10/6/2009 to 9/6/2019
Employees		113,793	-	-	-	113,793	1.538	30/1/2008	30/1/2008 to 29/01/2018
Employees		113,793	-	-	-	113,793	1.494	10/6/2009	10/6/2009 to 9/6/2019
Employees		300,000	-	-	-	300,000	0.65	26/7/2011	26/7/2011 to 25/7/2021
Consultants		1,706,896	-	-	682,759	2,389,655	1.538	30/1/2008	30/1/2008 to 29/01/2018
Consultants		5,742,000	-	-	113,793	5,855,793	1.494	10/6/2009	10/6/2009 to 9/6/2019
Consultant		600,000	-	-	900,000	1,500,000	0.65	26/7/2011	26/7/2011 to 25/7/2021
		<u>17,887,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,887,724</u>			

The share option scheme adopted on 8 February 2002 had been expired and a new share option scheme ("New Scheme") had been adopted on 31 July 2012. There was no share option granted under the New Scheme.

Note: resigned on 10 January 2013.

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

As at 30 June 2013, 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:

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Cheung Tung Lan Tony	beneficial	25,500,000	8.52%
Wang Chang Limited ( <i>Note 1</i> )	beneficial	23,120,000	7.72%
Culturecom Holdings Limited ("CHL") ( <i>Note 2</i> )	beneficial	15,869,000	5.3%

Save as disclosed above, as at 30 June 2013, no person, other than the Director whose interests are set out in the section "Directors' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" 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.

*Note 1:* Wang Chang Limited is wholly owned by Mr. Cheung Man Cheong.

*Note 2:* 675,000 shares are held by Culturecom Investments Limited and 15,194,000 shares are held by Winway H.K. Investments Limited. Both of them are the indirectly owned subsidiaries of CHL.

## 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 2013 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 2013, the Company and its subsidiaries 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**

During the period under review, the Audit Committee was comprised of Mr. Ku Siu Fun Alex, Ms. Li Meizhen and Mr. Zheng Gang. Mr. Zheng Gang resigned on 10 May 2013 and Mr. Fan Wai Kong Michael was appointed on 21 May 2013 to fill the vacancy. As at the date of this report, the Audit Committee of the Company comprises Mr. Ku Siu Fun Alex (Chairman of the Audit Committee), Ms. Li Meizhen and Mr. Fan Wai Kong Michael. All of them are the Independent Non-executive Directors of the Company.

The Audit Committee met and reviewed with the management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including review and approval of the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2013.

## **REMUNERATION COMMITTEE**

During the period under review, the members of the Remuneration Committee were Mr. Ku Siu Fun Alex, Ms. Li Meizhen, Mr. Chu Wai Lim and Mr. Zheng Gang. Mr. Chu Wai Lim resigned on 10 January 2013 and Mr. Zheng Gang resigned on 10 May 2013. Mr. Chan Yiu Pun Clement and Mr. Fan Wai Kong Michael were appointed as the members of the Remuneration Committee on 10 January 2013 and 21 May 2013 respectively.

As at the date of this report, the Remuneration Committee comprises one Executive Director and three Independent Non-executive Directors: Mr. Chan Yiu Pun Clement, Mr. Ku Siu Fun Alex, Ms. Li Meizhen and Mr. Fan Wai Kong Michael (Chairman of the Remuneration Committee). The Remuneration Committee has adopted terms of reference which are in line with the Corporate Governance Code ("CG Code").



## **NOMINATION COMMITTEE**

During the period under review, the members of the Nomination Committee were Mr. Ku Siu Fun Alex, Ms. Li Meizhen, Mr. Yang Yongdong and Mr. Zheng Gang. Mr. Zheng Gang resigned on 10 May 2013 and Mr. Fan Wai Kong Michael filled the vacancy of the member of the Nomination Committee on 21 May 2013.

As at the date of this report, the Nomination Committee comprises one Executive Director and three Independent Non-executive Directors: Mr. Yang Yongdong, Mr. Ku Siu Fun Alex (Chairman of the Nomination Committee), Ms. Li Meizhen and Mr. Fan Wai Kong Michael. The Nomination Committee has adopted terms of reference which are in line with the CG Code.

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

During the period under review, the Company has complied with all of the provisions under the CG Code except for the following derivation:

### **CODE A.4.1**

All the Independent Non-executive Directors were not appointed for a specific term, however, their appointment are subject to re-election.

The Company believes that a sound corporate governance is fundamental for the development of the Company as well as for the benefits of the shareholders, therefore, the Company commits to continue to improve its corporate governance if necessary.

By Order of the Board  
**Chan Yiu Pun Clement**  
*Executive Director*

Hong Kong, 28 August 2013