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

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2014

RESULTS

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 2014, with comparative figures for the corresponding period in 2013. 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 STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014

		Six months ended 30 June	
		2014	2013
		HK$	*HK$*
	Notes	**(Unaudited)**	(Unaudited)
Turnover	*4*	**12,225,163**	26,793,446
Cost of equity securities disposed of		**(12,334,500)**	(24,005,285)
Net unrealised fair value change on financial assets at fair value through profit or loss		**9,757,800**	274,755
Change in fair value of derivative component in convertible bond receivable		**–**	(161,070)
Interest income on convertible bond		**3,264,207**	3,363,657
Impairment loss on available-for-sale financial assets		**–**	(6,000,000)
Impairment loss on other receivables		**(5,372,000)**	–
Loss on disposal of assets classified as held for sale	*12*	**(7,200,000)**	–
Dividend income		**1,200**	67,000
Gross profit		**341,870**	332,503

* *For identification purpose only*

		Six months ended 30 June	
		2014	2013
		HK$	*HK$*
	Notes	**(Unaudited)**	(Unaudited)
Gain on disposal of subsidiaries		**164,434**	–
Other income	*4*	**2,641,903**	1,182
Administrative expenses		**(14,745,134)**	(11,465,246)
Other operating expenses		**(2,961,786)**	(3,285,002)
Written off of property, plant and equipment		**(1,066,944)**	–
Finance costs	*5*	**–**	(1,780)
Loss before income tax		**(15,625,657)**	(14,418,343)
Income tax expenses	*7*	**(3,586)**	(10,953)
Loss for the period	*6*	**(15,629,243)**	(14,429,296)
Loss for the period attributable to owners of the Company		**(15,629,243)**	(14,429,296)
Loss per share attributable to owners of the Company *(HK cents)*			
Basic and diluted	*9*	**(3.53)**	(4.82)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Loss for the period	**(15,629,243)**	(14,429,296)
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	**(1,136,872)**	24,214
Reclassification of available-for-sale financial assets upon impairment	**–**	2,800,000
Reclassification of available-for-sale fair value reserve upon disposal of assets classified as held for sale *(Note 12)*	**7,200,000**	–
Exchange differences arising from translation of foreign operations	**67,171**	(7,152)
Other comprehensive income for the period, net of income tax	**6,130,299**	2,817,062
Total comprehensive loss for the period	**(9,498,944)**	(11,612,234)
Total comprehensive loss for the period attributable to owners of the Company	**(9,498,944)**	(11,612,234)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Notes	**As at 30 June 2014** *HK$* **(Unaudited)**	As at 31 December 2013 *HK$* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**2,185,381**	2,861,097
Intangible asset		**120,000**	120,000
Available-for-sale financial assets		**8,819,511**	9,956,383
		11,124,892	12,937,480
Current assets			
Convertible bond receivable	*10*	**–**	23,748,965
Derivative component in convertible bond receivable	*10*	**–**	395,241
Financial assets at fair value through profit or loss		**42,312,504**	19,453,633
Deposits for acquisition of investments		**–**	510,204
Other receivables, prepayments and deposits	*11*	**33,715,132**	7,900,609
Cash and cash equivalents		**32,261,150**	10,103,290
		108,288,786	62,111,942
Assets classified as held for sale	*12*	**–**	2,800,000
		108,288,786	64,911,942
Total assets		**119,413,678**	77,849,422
EQUITY			
Equity attributable to owners of the Company			
Share capital		**5,266,545**	3,591,600
Reserves		**111,814,472**	72,391,746
Total equity		**117,081,017**	75,983,346
LIABILITY			
Current liability			
Accrued expenses		**2,332,661**	1,866,076
Total liability		**2,332,661**	1,866,076
Total equity and liabilities		**119,413,678**	77,849,422
Net current assets		**105,956,125**	63,045,866
Total assets less current liabilities		**117,081,017**	75,983,346
Net asset value per share	*13*	**0.2223**	0.2116

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2014 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these condensed consolidated interim financial statements is determined on such as basis, except for share-based payment transactions that are within the scope of HKFRS 2.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted priced included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

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 2013 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.

In the current interim period, the Group has applied, for the first time, the following new or 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 2014.

HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HK(IFRIC) – Int 21	Levies

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.

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

HKFRSs (Amendments)	Annual Improvement to HKFRSs 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvement to HKFRSs 2011-2013 Cycle[1]
HKFRS 9	Financial Instruments[5]
HKFRS 9 & HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[5]
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39[5]
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations[3]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[4]
HKFRS 16 and HKAS 38 (Amendments)	Clarification of Acquisition Methods of Depreciation and Amortisation[3]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[3]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contribution[1]

1 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted

2 Effective for annual periods beginning on or after 1 July 2014, with limited exception

3 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted

4 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

5 No mandatory effective date yet determined but is available for adoption

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 five (six months ended 30 June 2013: six) 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 two (2013: three) reportable business segments under this category, namely the investments in public companies listed on the Hong Kong Stock Exchange and an investment in a public company listed on the Australian Securities Exchange Limited. The major sources of income of these two business segments are gains on disposals of listed securities and dividend income, if any.

Unlisted investments

There are three (2013: 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, unallocated sundry income, and gain on disposal of subsidiaries and unallocated corporate expenses such as administrative and other operating expenses, written off of property, plant and equipment, interest expenses and income tax expenses.

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.

Segment revenue represents revenue generated from external customers. There were no inter-segment sales for both periods.

	Listed investments			Unlisted investments			
	Hong Kong	Australia	US	Hong Kong	The PRC	Macau	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
For the six months ended 30 June 2014 (Unaudited)							
Turnover	**12,225,163**	**–**	**–**	**–**	**–**	**–**	**12,225,163**
Segment results	**9,649,663**	**–**	**–**	**–**	**(7,200,000)**	**(2,650,821)**	**(201,158)**
Interest income							**1,903**
Unallocated sundry income							**2,640,000**
Gain on disposal of subsidiaries							**164,434**
Interest expenses							**–**
Depreciation							**(819,375)**
Unallocated expenses							**(16,344,517)**
Written off of property, plant and equipment							**(1,066,944)**
Income tax expenses							**(3,586)**
Loss for the period							**(15,629,243)**
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							(14,429,296)

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:

	Six months ended 30 June	
	2014	2013
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Turnover:		
Sale of equity securities	**12,225,163**	26,793,446
Other income:		
Bank interest income	**1,903**	1,182
Reversal of impairment loss of the guaranteed earned return	**2,640,000**	–
	2,641,903	1,182

5. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Interest on bank overdrafts	**–**	(1,780)

6. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2014	2013
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Depreciation	**819,375**	796,112
Minimum lease payment under operating leases:		
– property rental	**2,529,973**	1,653,719
Staff costs:		
Employee benefits expense (including directors' remuneration):		
Salaries and allowances	**4,092,297**	3,903,572
Mandatory provident fund contributions	**113,224**	72,570
Share-based payment expenses	**2,241,588**	–
	6,447,109	3,976,142

7. INCOME TAX EXPENSES

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 2013: Nil).

The PRC enterprise income tax is calculated at 25% of the estimated assessable profit for the period (six months ended 30 June 2013: 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 approximately HK$8,495,000 (six months ended 30 June 2013: HK$14,429,296).

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$15,629,243 (six months ended 30 June 2013: HK$14,429,296) and the weighted average number of ordinary shares of 442,962,927 ordinary shares (six months ended 30 June 2013: 299,300,000 ordinary shares).

The computation of diluted loss per shares does not assume the exercise of the Company's outstanding share options since the exercise would result in a decrease in loss per share and the effects were anti-dilutive for both periods.

10. 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 (the "CB") with principal amount of RMB20,000,000 issued from Ascent Glory Holdings Limited, a wholly owned subsidiary of Grand Success Business Limited ("GSBL") at a consideration of RMB20,000,000 (equivalent to HK$24,680,000). The CB carries interest of 20% per annum and matured on 13 June 2014. The initial conversion price is RMB2,400 per share (subject to adjustment). Unless previously converted or lapsed, the CB issuer would redeem the CB on 13 June 2014 at 100% of the principal amount of outstanding CB.

Because the CB matured during the six months ended 30 June 2014 and remain unsettled, the convertible bond receivable was classified as other receivable after the date of maturity (Note 11).

The movement of the CB was as follows:

	Debt component *HK$*	**Derivative component** *HK$*
At 31 December 2013 (audited) and 1 January 2014	**23,748,965**	**395,241**
Interest credited for the period	**1,034,897**	**–**
Expired during the period	**(24,680,000)**	**(393,646)**
Exchange alignment	**(103,862)**	**(1,595)**
At 30 June 2014 (unaudited)	**–**	**–**

11. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

At 30 June 2014, other receivables included interest receivable on the CB of approximately RMB4,353,000 (equivalent to HK$5,372,000) and the principal amount of the CB of RMB20,000,000 (equivalent to HK$24,680,000) which was reclassified from convertible bond receivable since the date of maturity of the CB of which details are set out in note 10 to the condensed consolidated financial statements.

As detailed in the Company's announcement dated 18 August 2014, the Company received from the CB issuer a repayment proposal, through its related associated company, under which the CB issuer proposed to repay the principal sum by a monthly instalment of HK$2 million for 10 months whilst all the outstanding interest incurred of approximately RMB4,353,000 (equivalent to HK$5,372,000) has been proposed to be waived. Hence, an impairment loss on the interest receivable on the CB of approximately HK$5,372,000 was recognised for the period ended 30 June 2014.

12. ASSETS CLASSIFIED AS HELD FOR SALE

	As at 30 June 2014 *HK$* **(Unaudited)**
At 31 December 2013 (audited) and 1 January 2014	**2,800,000**
Disposal	**(2,800,000)**
At 30 June 2014 (unaudited)	**–**

On 10 December 2013, Airstar International Limited, a wholly owned subsidiary of the Company, entered into sale and purchase agreement with an independent third party in relation to the disposal of the entire 20% equity interest in Hou Tin International Limited for a consideration of HK$2,800,000. Accordingly, the related assets were reclassified as held for sale at 31 December 2013.

During the six months ended 30 June 2014, the above assets disposal was completed. The relevant available-for-sale fair value reserve of HK$7,200,000 was reclassified from other comprehensive income to profit or loss upon the disposal completion.

13. NET ASSETS VALUE PER SHARE

The calculation of net assets value per share is based on the net assets of HK$117,081,017 (31 December 2013: HK$75,983,346) and 526,654,500 (31 December 2013: 359,160,000) ordinary shares in issue as at 30 June 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (2013: Nil).

FINANCIAL REVIEW

For the six months ended 30 June 2014, the Group recorded a revenue of HK$12.23 million (2013: HK$26.79 million), representing a decrease of approximately 54.4% as compared with that of corresponding period. The decrease in revenue was in line with the low volatility of the Hong Kong stock market during the first half of 2014. Being affected by the overseas and the Mainland market conditions, the Hong Kong stock market underperformed most major markets. During the period, the Hang Seng Index dropped approximately 0.5%. As stated in "Research Paper No. 55: Half-yearly review of the global and local securities markets" issued by the SFC on 18 July 2014, investor sentiment was generally poor due to the following concerns;

1. The tapering of quantitative easing by the U.S. Federal Reserve Bank,

2. The uncertainty of the effectiveness of European Central Bank's stimulus,

3. The bearish market performance and signs of possible economic slowdown in the Mainland, and

4. Several defaults of corporate bonds and wealth management products in the Mainland.

The Group's gross profit for the period was approximately HK$0.34 million (2013: HK$0.33 million). The slight gross profit was comparable to that of corresponding period and included the following items:

1. the net unrealised fair value gain on financial assets at fair value through profit or loss of approximately HK$9.76 million (2013: HK$0.27 million);

2. the loss on disposal of assets classified as held for sale of approximately HK$7,200,000 (2013: Nil). It represented the reclassification of the relevant available-for-sale fair value reserve from other comprehensive income to profit or loss, and such loss was offset by the aforesaid comprehensive income recorded in the same period; and

3. an impairment loss of about HK$5 million was recognised for the amounts due from the convertible note issuer. For details, please refer to the Investment Review below.

The Group's other income mainly represented the receipt of certain guaranteed payment from an investment, impaired in previous financial years. The administrative expenses rose by approximately HK$3.28 million, or approximately 28.6%, as compared to 2013. This was mainly attributable to the share-based payment of approximately HK$2.24 million for the share options granted during the period. The net loss attributable to shareholders for the six months ended 30 June 2014 was approximately HK$15.63 million (2013: HK$14.43 million).

During the period, the Group also streamlined its operations and sold out certain of its non profit-making subsidiaries, closing the branches in the PRC and Taiwan. The Group wrote off certain property, plant and equipment in these branches, totalling approximately HK$1.07 million (2013: Nil).

As at 30 June 2014, the Group's net asset value ("NAV") was approximately HK$117.08 million (31 December 2013: HK$75.98 million), a significant increase of approximately 54.1% compared to that of 31 December 2013. This increase was mainly resulted from the fund raising activities during the period and the company completed two placements of new shares in January and May 2014, with an total amount of approximately HK$46 million. To weather the tough situation in Hong Kong stock market, the Company decided to further enhance its capital base and competitiveness by increasing its equity through the above placements of new shares.

The NAV per share was HK$0.2223 (31 December 2013: HK$0.2116), increased by 5.1% compared to that as at 31 December 2013.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, the cash and bank balances of the Group were approximately HK$32.26 million (31 December 2013: HK$10.10 million). As most of them are denominated in Hong Kong dollars, the Group does not have a significant exposure to foreign currency risk.

The Group had no borrowings and no contingent liabilities as at 30 June 2014 (31 December 2013: Nil), and the Group could focus itself on pursuing its investment strategies and exploring investment opportunities.

As at 30 June 2014, the Group had commitment for the acquisition of property, plant and equipment of approximately HK$11.7 million (31 December 2013: Nil).

INVESTMENT REVIEW

The investment portfolio of the Group mainly comprises of listed equity in Hong Kong and Australia and unlisted equity investments in Hong Kong and China during the period under review. At 30 June 2014, the investment portfolio of the Company is of approximately HK$51.13 million (31 December 2013: HK$32.21 million).

Listed equity investments

Listed below are the particulars of the Group's listed equity investments as at 30 June 2014.

Name of equity securities	Nature of business	Interest held (%)	Invested amount HK$	Carrying amount HK$	Percentage of the investment attributable to Group's Net assets
HSBC	Bank	0.00%	807,500	786,000	0.67%
China Financial Leasing Group Limited	Investment in listed and unlisted securities in Hong Kong and overseas	0.62%	6,877,400	7,891,200	6.74%
China Life Insurance Company Limited	Writing of life insurance business, providing life, annuities, accident and health insurance products in China	0.00%	3,876,000	3,654,000	3.12%
Hong Kong Electric Investments Limited	Electricity supply	0.01%	4,351,900	4,347,000	3.71%
Long Success International (Holdings) Limited	Trading of wine and alcohol	1.02%	9,831,273	6,075,000	5.19%
Ming Kei Holdings Limited	Coal trading between PRC and Indonesia and property investment	0.12%	461,000	688,000	0.59%
JC Group Holdings Limited	Operation and management of restaurants & cake shops in Hong Kong	1.50%	8,994,600	17,760,000	15.17%
Viagold Capital Limited	Leasing and capital financial services, consultancy and management services to educational institutions	3.89%	11,727,980	1,111,304	0.95%
				42,312,504	

Unlisted equity investments

Listed below are the particulars of the Group's unlisted equity investments as at 30 June 2014.

Name of equity securities	Nature of business	Interest held (%)	Invested amount HK$	Carrying amount HK$	Percentage of the investment attributable to Group's Net assets
北京華寶時代國際設備租賃有限公司 (Beijing HuaBao Times International Equipment Leasing Co. Limited)	Leasing of property and vehicles	30.00%	12,000,000	5,910,000	5.05%
The Pride Fund Management Limited China Finance Leasing	Provision of investment advisory and asset management services	9.90%	1,600,000	2,909,511	2.49%
Becky Agric Resources Co., Limited ("Becky Agric")	Organic farming and agriculture business	30.00%	12,000,000	–	n/a
Dyxnet Holding Limited	Provision of internet access, internet hosting and other related services	0.23%	4,000,000	–	n/a
				8,819,511	

The disposal of the assets held for sale, representing the investment in Hou Tin International Limited, was completed. For details of this investment, please refer to the Company's annual report for the year ended 2013. The fair value change of available-for-sale fair value reserve of such financial assets of HK$7,200,000 was reclassified to the profit or loss of the Group upon the disposal.

During the period, the Company successfully demanded certain outstanding guaranteed profit payments in relation to Becky Agric in the amount of approximately HK$2.64 million and recognised it as other income in the condensed consolidated statement of profit or loss.

Regarding the investment in the convertible note, the note issuer was unable to redeem it with interest accrued upon the maturity during the period. Certain recovery actions have been taken and the Company received HK$5 million and a settlement proposal.

The management will continue to use its best endeavors to recover all of the amounts due from the note issuer including interest accured under the note. At this stage, the Company considers it prudent to recognise an impairment loss of approximately HK$5.37 million in the condensed consolidated statement of profit or loss for the six months ended 30 June 2014. For details, please refer to the Company's announcement of 18 August 2014.

PROSPECT

The Group continues its ordinary course of investment business. With the unstable performance of the Hong Kong and the PRC stock markets during the first half of 2014 as compared to other overseas markets, such as the United States, the business performance of the Group could only be in line with the general market trend.

With the forthcoming launch of cross-border trading between Hong Kong and Shanghai in October 2014, the Group perceives it being an attractive opportunity for the Group's investments in the listed companies both in Hong Kong and the PRC. The Shanghai-Hong Kong Stock Connect was announced in April 2014 and the formal launch is expected to be about six months thereafter. Under this program of Shanghai-Hong Kong Stock Connect, mutual stock market access between Mainland China and Hong Kong will be established. This program can provide an unprecedented opportunity and creates momentum for the long-term development of the Hong Kong and the PRC capital market. The average trading volumes of the Hong Kong stock market are expected to increase accordingly because of the establishment of mutual stock market access between Mainland China and Hong Kong. Furthermore, the Group can invest on constituent stocks of Shanghai Stock Exchange 180 index and Shanghai Exchange 380 index, aiming to capture these market opportunities.

Starting from July 2014, the investor sentiment has turned positive. In July, the State-owned Assets Supervision and Administration Commission (SASAC) in the Mainland announced several pilot reform measures, including transformation into state capital investment companies and mixed-ownership, for six state-owned-enterprises (SOE). This SOE reform aims to focus SASAC on the use of capital and reduce its intervention in companies' asset allocations and operations, leading to corporate efficiency and profitability in the long-run. Moreover, China recorded a substantial monthly trade surplus in July and the Chinese Yuan renminbi started to appreciate again after a steep depreciation in the first half of 2014.

Since the beginning of July 2014, the Hong Kong Monetary Authority has also repeatedly intervened in the currency market because the influx of funds boosted the Hong Kong dollar to the upper end of its trading band. The influx may be due to the October launch of the Shanghai-Hong Kong Stock Connect and the fund flows from Russia because of the unrest in Ukraine. In July, the Hang Seng Index rose about 6.8 percent. However, the government has warned that the hot money could leave quickly due to a poor economic outlook and fears of a US interest rate rise.

In view of the above market opportunities against the backdrop of a difficult business environment, the Company has taken a proactive but yet prudent approach and has pursued the following initiatives:

1. To control costs, the Company has moved its office to achieve a substantial saving in rental expenses. The Group also purchased a property near this new office for our investment operation purposes. This self-used property is expected to achieve cost savings in the long run.

2. The Group has sought for investment opportunities in unlisted companies, engaging in different industries, including green and clean energy, dairy products and medical devices. The liquidity of this kind of unlisted investments is generally low, and their internal rates of return can be high. We will carry out diligence review cautiously before making investment decisions. The Group has entered into two letters of intent for certain investments and our assessments are under way. For details of the two letters of intent, please refer to the Company's respective announcements of 30 June 2014 and 3 July 2014.

3. During the period, the Company has strengthened its management team and has appointed a licensed person, who can carry out type 9 (assets management) regulated activities under the SFO, to the board, a qualified professional accountant to chair the audit committee and an experienced senior executive to be the CEO.

Looking forward, with the substantial enhancement in capital base upon the completion of the proposed rights issue, the Group is confident of implementing its investment strategy, and can diversify to different major asset classes, such as equity in listed securities and high-yield bonds. The Group aims to maintain a diversified asset mix that can generate acceptable long term returns at a level of risk suitable to the Company and its shareholders.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the period, the Group entered into a sale and purchase agreement with an independent third party to dispose the entire 100% equity interest of its three non profit-making subsidiaries with branches in Taiwan and the PRC for an aggregate consideration of HK$4,230,000.

EXPOSURE TO FOREIGN EXCHANGE RISK

Majority of the Group's investment are denominated in Hong Kong dollars (for certain investment in Hong Kong equity as well as cash with bank), and the Group has no significant exposure to foreign exchange fluctuation.

CAPITAL STRUCTURE

On 6 January 2014, a placing of new shares was completed and the Company issued a total of 71,832,000 ordinary shares with par value of HK$0.01 each at a price of HK$0.165 each. On 9 May 2014, another placing of new shares was completed and the Company issued a total of 86,390,000 ordinary shares with par value of HK$0.01 each at a price of HK$0.41 each.

During the period, the Company issued total of 9,272,500 ordinary shares with par value of HK$0.01 each at a price of HK$0.25 each through the exercise of share options by grantees.

After these placing exercises and exercise of share options, the issued share capital of the Company was thus increased from HK$3,591,600 to HK$5,266,545. The excess of the placement proceeds over the nominal value of share capital issued was credited as share premium. The Company had applied the net proceeds to the general working capital of the Company and investments.

Other than these, there was no movement on the share capital of the Company.

At as 30 June 2014, the Company's total number of issued shares was 526,654,500 (As at 31 December 2013: 359,160,000).

On 11 July 2014, the Company entered into a underwriting agreement with Goodchamp Holdings Limited and Kingston Securities Limited proposed to raise not less than approximately HK$210.6 million and not more than approximately HK$215.5 million, by way of rights issue of not less than 2,106,618,000 rights shares and not more than 2,154,104,400 rights share at the subscription price of HK$0.10 per Rights Shares on the basis of four Rights Shares for every one Share held (the "Rights Issue"). The Rights Issue has not completed at the date of this announcement, for details please refer to the circular of the Company dated 8 August 2014.

STAFF

As at 30 June 2014, the Company had 13 staff, and all of them were in Hong Kong. Total staff cost and directors' remuneration paid during the first half of 2014 was approximately HK$6.45 million (2013: approximately HK$3.98 million). This was mainly attributable to the increase in employee benefits expenses of approximately HK$2.47 million, which included a share-based payment of approximately HK$2.24 million for the share options granted during the period. 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.

SHARE OPTION

During the six months period ended 30 June 2014, the Company granted share options under the New Scheme to certain directors and employees of the Company, which entitle them to subscribe for a total of 8,285,300 ordinary shares with an exercise price of HK$0.61 per share. The estimated fair value of the share options granted was approximately HK$2.24 million.

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

During the six months ended 30 June 2014, the Company and 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as the codes of conduct regarding securities transactions by Directors.

On specific enquiries made, all Directors have confirmed that, in respect of the period ended 30 June 2014, they have complied with the required standard as set out in Model Code.

AUDIT COMMITTEE

During the period under review, the Audit Committee was comprised of Mr. Ku Siu Fun Alex, Dr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Ms. Florence Ng. Mr. Ku Siu Fun, Alex was resigned on 7 May 2014. As at the date of this announcement, the Audit Committee of the Company comprise Mr. Tam Yuk Sang, Sammy (Chairman of the Audit Committee), Dr. Ng Chi Yeung, Simon and Ms. Florence Ng. 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 2014.

REMUNERATION COMMITTEE

During the period under review, the members of the Remuneration Committee were Mr. Ku Siu Fun Alex, Dr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Ms. Florence Ng. Mr. Ku Siu Fun Alex was resigned on 7 May 2014. Dr. Ng Chi Yeung, Simon, the Independent Non-executive Director of the Company was appointed as the member of the Remuneration committee to fill in the vacancy.

As at the date of this announcement, the Remuneration Committee of the Company comprise Mr. Tam Yuk Sang, Sammy (Chairman of the Remuneration Committee), Dr. Ng Chi Yeung, Simon and Ms. Florence Ng. All of them are the Independent Non-executive Directors of the Company. The Remuneration Committee has adopted terms of reference which are in line with the Code on Corporate Governance Practices under the Listing Rules ("CG Code").

NOMINATION COMMITTEE

During the period under review, the members of the Nomination Committee were Mr. Ku Siu Fun Alex, Mr. Yang Yongdong, Mr. Tam Yuk Sang, Sammy and Ms. Florence Ng. Mr. Ku Siu Fun Alex was resigned on 7 May 2014 and Dr. Ng Chi Yeung, Simon filled in vacancy of chairman of the Nomination Committee on 27 May 2014. Mr. Yang Yongdong resigned as member of Nomination Committee of the Company on 4 July 2014.

As at the date of this announcement, the Nomination Committee comprises three Independent Non-executive Directors, comprising Dr. Ng Chi Yeung, Simon (Chairman of the Nomination Committee), Mr. Tam Yuk Sang, Sammy and Ms. Florence Ng. 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.2.1

Since the chairmanship of Mr. Cheung Tung Lan Tony, the ex-chairman of the Company, was removed on 16 May 2012, there was no such position until the Company appointed Dr. Lam Man Chan as a non-executive director and the chairman of the Company with effect from 11 February 2014.

Code A.4.1

All the Independent Non-executive directors were not appointed for a specific term, however, their appointment are subject to retirement by rotation at the annual general meeting as specified in the bye-laws of the Company.

Code A.7.1

The code provision A.7.1 requires for regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all directors. These should be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period).

Due to the practical reasons, an agenda and accompanying board paper have not been send, in full, in 3 days' advanced to all meetings of the Board or Board Committee. The Board will use its best endeavours to send the agenda and accompanying board paper, in full to the Board or Board Committee at least 3 days' advanced to the extent practicable.

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
Lee Kwok Leung
Executive Director

Hong Kong, 21 August 2014

As at the date of this announcement, the executive director of the Company is Mr. Lee Kwok Leung; the non-executive director of the Company is Dr. Lam Man Chan and the independent non-executive directors of the Company are Dr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Ms. Florence Ng.