



**OPES ASIA DEVELOPMENT LIMITED**

**華保亞洲發展有限公司\***

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



\* For identification purposes only

**Interim Report 2009**

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors:

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

#### Independent Non-executive Directors:

Tsang Wai Wa  
Chen Man Lung  
Choi Shek Chau

### AUDIT COMMITTEE

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

### REMUNERATION COMMITTEE

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

### COMPANY SECRETARY

Yeung Ming Kong, Kenneth

### AUDITORS

Lau & Au Yeung C.P.A. Limited

### INVESTMENT MANAGER

Up Way Asia Fund Management Limited

### PRINCIPAL BANKER

Standard Chartered Bank (Hong Kong)  
Limited

### CUSTODIAN

Standard Chartered Bank (Hong Kong)  
Limited

### SOLICITORS

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

**As to Bermuda Law**

Appleby Hunter Bailhache

### REGISTERED OFFICE

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

### REGISTRARS IN HONG KONG

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

### STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

810

The Board of Directors (the "Board") of Opes Asia Development Limited (the "Company") is pleased to announce the unaudited interim results of the Company for the six months ended 30 June 2009, with comparative figures for the corresponding periods in 2008 as follows:

## CONDENSED INCOME STATEMENT

For the six months ended 30 June 2009

		<b>(Unaudited)</b>	
		<b>Six months ended 30 June</b>	
	Note	<b>2009</b>	2008
		<b>HK\$</b>	<b>HK\$</b>
<b>Turnover</b>	4	<b>791,100</b>	700,000
Cost of equity securities disposed of		<b>(845,000)</b>	(560,000)
Unrealised fair value gains/(losses) on financial assets at fair value through profit or loss		<b>12,409,461</b>	(14,162,493)
<b>Gross profit/(loss)</b>		<b>12,355,561</b>	(14,022,493)
Other income	4	<b>741</b>	23,784
Administrative expenses		<b>(8,786,752)</b>	(2,959,180)
Other operating expenses		<b>(485,824)</b>	(600,467)
<b>Profit/(Loss) for the period</b>	5	<b>3,083,726</b>	(17,558,356)
<b>Attributable to:</b>			
Equity holders of the Company	7	<b>3,083,726</b>	(17,558,356)
<b>Earnings/(Loss) per share for profit/(loss) attributable to the equity holders of the Company during the period</b>			
– basic	8	<b>HK cents 0.205</b>	HK cents (1.291)
– diluted		<b>HK cents 0.205</b>	HK cents (1.290)

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	(Unaudited)	
	Six months ended 30 June	
	2009	2008
	HK\$	HK\$
Profit/(Loss) for the period	<u>3,083,726</u>	<u>(17,558,356)</u>
<b>Other comprehensive income</b>		
Other comprehensive income for the period, (net of tax)	<u>—</u>	<u>—</u>
Total comprehensive income/(loss) for the period	<u>3,083,726</u>	<u>(17,558,356)</u>
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	<u>3,083,726</u>	<u>(17,558,356)</u>

## CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Note	(Unaudited) 30 June 2009 HK\$	(Audited) 31 December 2008 HK\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	360,576	–
Financial assets at fair value through profit or loss	10	24,190,000	6,490,000
Available-for-sale financial assets		22,200,000	22,200,000
		<u>46,750,576</u>	<u>28,690,000</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	10	8,326,063	11,201,602
Deposits for acquisition of investments		3,000,000	3,000,000
Other receivables, prepayments and deposits		766,816	6,039,238
Bank balances and cash		27,640,052	1,078,712
		<u>39,732,931</u>	<u>21,319,552</u>
<b>Total assets</b>		<u>86,483,507</u>	<u>50,009,552</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	11	1,614,600	1,359,600
Reserves		82,442,074	48,238,638
<b>Total equity</b>		<u>84,056,674</u>	<u>49,598,238</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables and accrued charges		2,426,833	411,314
<b>Total liabilities</b>		<u>2,426,833</u>	<u>411,314</u>
<b>Total equity and liabilities</b>		<u>86,483,507</u>	<u>50,009,552</u>
<b>Net current assets</b>		<u>37,306,098</u>	<u>20,908,238</u>
<b>Total assets less current liabilities</b>		<u>84,056,674</u>	<u>49,598,238</u>
<b>Net asset value per share</b>	12	<u>0.0521</u>	<u>0.0365</u>

## CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Note	(Unaudited)						Total HK\$
		Attributable to equity holders of the Company						
		Share capital HK\$	Share premium HK\$	Contributed surplus HK\$	Share- based payment reserves HK\$	Available- for-sale fair value reserves HK\$	(Accumulated losses)/ Retained earnings HK\$	
Balance at 1 January 2008		1,359,600	20,476,643	61,305,993	-	-	10,095,353	93,237,589
Share options granted during the period	16	-	-	-	701,240	-	-	701,240
Loss for the period		-	-	-	-	-	(17,558,356)	(17,558,356)
Balance at 30 June 2008		<u>1,359,600</u>	<u>20,476,643</u>	<u>61,305,993</u>	<u>701,240</u>	<u>-</u>	<u>(7,463,003)</u>	<u>76,380,473</u>
Balance at 1 January 2009		1,359,600	20,476,643	61,305,993	701,240	660,000	(34,905,238)	49,598,238
Share options granted during the period	16	-	-	-	5,932,451	-	-	5,932,451
Proceeds from placing of new shares	11	249,000	24,150,759	-	-	-	-	24,399,759
Exercise of share options	11	6,000	1,133,825	-	(97,325)	-	-	1,042,500
Profit for the period		-	-	-	-	-	3,083,726	3,083,726
Balance at 30 June 2009		<u>1,614,600</u>	<u>45,761,227*</u>	<u>61,305,993*</u>	<u>6,536,366*</u>	<u>660,000*</u>	<u>(31,821,512)*</u>	<u>84,056,674</u>

\* These reserve accounts comprise the reserves of HK\$82,442,074 (31 December 2008: HK\$48,238,638) in the condensed statement of financial position.

## CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Net cash used in operating activities</b>	<b>(4,439,153)</b>	<b>(6,739,753)</b>
<b>Net cash (used in)/generated from investing activities</b>	<b>(374,217)</b>	<b>23,784</b>
<b>Net cash generated from financing activities</b>	<b>31,374,710</b>	<b>–</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>26,561,340</b>	<b>(6,715,969)</b>
Cash and cash equivalents at beginning of period	<b>1,078,712</b>	<b>10,619,059</b>
<b>Cash and cash equivalents at end of period</b>	<b>27,640,052</b>	<b>3,903,090</b>
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances and cash	<b>27,640,052</b>	<b>3,903,090</b>

## 1. BASIS OF PREPARATION

This unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). It was authorised for issuance on 17 September 2009.

Except as described in note 2 to the interim financial report, the unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements.

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

This unaudited interim financial report contains condensed financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the 2008 annual financial statements. The unaudited condensed interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs", which term collectively includes HKASs and Interpretations).

The financial information relating to the financial year ended 31 December 2008 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2008 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 20 April 2009.

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

In the current interim period, the Company has applied, for the first time, the following new or revised standards and amendments issued by the HKICPA, which are effective for the Company's financial year beginning on 1 January 2009. The adoption of the following new and revised standards and amendments has had no significant impacts on the Company's accounting policies and has no significant effect on the results reported for the first half of 2009.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 1 (Revised)	Presentation of Financial Statements
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments

The amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the interim financial report. The impact of the remainder of these developments on the interim financial report is as follows:

- HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the interim financial report, and has resulted in a number of changes in presentation and disclosure. As a result of the adoption of HKAS 1 (Revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised statement of changes in equity. All other items of income and expense are presented in the income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the statement of comprehensive income. The new format for the statement of comprehensive income and the statement of changes in equity has been adopted in this interim financial report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- HKFRS 8 requires segment disclosure to be based on the way that the Company's chief operating decision maker regards and manages the Company, with the amounts reported for each reportable segment being the measures reported to the Company's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Company's financial statements into segments based on its investments. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Company's most senior executive management, and has resulted in additional reportable segments being identified and presented (see note 3). As this is the first period in which the Company has presented segment information in accordance with HKFRS 8, additional explanation has been included in the interim financial report which explains the basis of preparation of the information. Corresponding amounts have also been provided on a basis consistent with the revised segment information.
- The "Improvements to HKFRSs (2008)" comprise a number of minor and non-urgent amendments to a range of HKFRSs which the HKICPA has issued as an omnibus batch of amendments.

### 3. SEGMENT INFORMATION

The Company has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 requires operation segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision makers of the Company are the Executive Directors of the Company. In contrast, HKAS 14 required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

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

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

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

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

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

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

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

	Listed investments		Unlisted investments		Total HK\$
	Hong Kong HK\$	Australia HK\$	Hong Kong HK\$	The PRC HK\$	
<b>For the six months ended 30 June 2008 (Restated)</b>					
<b>TURNOVER</b>	<u>700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>700,000</u>
<b>Segment results</b>	<u>(11,785,476)</u>	<u>(2,237,017)</u>	<u>-</u>	<u>-</u>	<u>(14,022,493)</u>
<b>Bank interest income</b>					23,784
<b>Depreciation</b>					-
<b>Unallocated expenses</b>					<u>(3,559,647)</u>
<b>Loss for the period</b>					<u>(17,558,356)</u>

#### 4. TURNOVER AND OTHER INCOME

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

	<b>(Unaudited)</b> <b>Six months ended 30 June</b>	
	<b>2009</b> <b>HK\$</b>	<b>2008</b> <b>HK\$</b>
<b>Turnover:</b>		
Sales of financial assets at fair value through profit or loss	<b>791,100</b>	700,000
<b>Other income:</b>		
Bank interest income	<b>741</b>	23,784

#### 5. PROFIT/(LOSS) FOR THE PERIOD

	<b>(Unaudited)</b> <b>Six months ended 30 June</b>	
	<b>2009</b> <b>HK\$</b>	<b>2008</b> <b>HK\$</b>
Profit/(Loss) for the period is arrived at:		
After charging the following items:		
Depreciation	<b>14,382</b>	–
Share options granted to consultants	<b>4,492,522</b>	498,643
Operating lease payment in respect of rental premises	<b>550,948</b>	369,086
Staff costs, including directors' emoluments		
Wages and salaries	<b>1,658,583</b>	1,343,240
Share options granted	<b>1,439,908</b>	202,575
Retirement benefits scheme contributions	<b>33,913</b>	28,750
	<b>3,132,404</b>	1,574,565

#### 6. INCOME TAX EXPENSE

No Hong Kong profits tax is provided as there is no estimated assessable profit for the period (2008: Nil).

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

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK\$3,083,726 (2008: loss of HK\$17,558,356).

## 8. EARNINGS/(LOSS) PER SHARE

### (a) Basic

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

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2009</b>	2008
	<b>HK\$</b>	HK\$
Profit/(Loss) attributable to equity holders of the Company	<b>3,083,726</b>	(17,558,356)
Weighted average number of ordinary shares in issue	<b>1,502,837,569</b>	1,359,600,000
Basic earnings/(loss) per share	<b>HK cents 0.205</b>	HK cents (1.291)

### (b) Diluted

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

	<b>2009</b>	2008
	<b>HK\$</b>	HK\$
Earnings/(Loss)		
Profit/(Loss) attributable to equity holders of the Company	<b>3,083,726</b>	(17,558,356)
Weighted average number of ordinary shares in issue	<b>1,502,837,569</b>	1,359,600,000
Adjustments for – Share options	<b>3,397,298</b>	1,853,928
Weighted average number of ordinary shares for diluted earnings/(loss) per share	<b>1,506,234,867</b>	1,361,453,928
Diluted earnings/(loss) per share	<b>HK cents 0.205</b>	HK cents (1.290)

## 9. PROPERTY, PLANT AND EQUIPMENT

### (a) Acquisitions and disposals

During the six months ended 30 June 2009, the Company acquired items of furniture and fixtures with a cost of \$374,958 (six months ended 30 June 2008: Nil). No items of property, plant and equipment were disposed of during the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

### (b) Impairment losses

During the six months ended 30 June 2009, no impairment has been made to the property, plant and equipment (six months ended 30 June 2008: Nil).

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

	(Unaudited) 30 June 2009 HK\$	(Audited) 31 December 2008 HK\$
Listed securities:		
Equity securities – Hong Kong	32,170,970	9,383,191
Equity securities – Australia	345,093	8,308,411
Market value of listed securities	32,516,063	17,691,602
Less: Non-Current portion	(24,190,000)	(6,490,000)
Current portion	8,326,063	11,201,602

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

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

## 11. SHARE CAPITAL

	(Unaudited) 30 June 2009		(Audited) 31 December 2008	
	Number of shares	HK\$	Number of shares	HK\$
Authorised				
Ordinary shares of HK\$0.001 each				
At beginning and end of the period	200,000,000,000	200,000,000	200,000,000,000	200,000,000
Issued and fully paid				
Ordinary shares of HK\$0.001 each				
At beginning of the period	1,359,600,000	1,359,600	1,359,600,000	1,359,600
Placing of new shares	249,000,000	249,000	–	–
Exercise of share options	6,000,000	6,000	–	–
At end of the period	1,614,600,000	1,614,600	1,359,600,000	1,359,600

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

During the year, share options were exercised to subscribe for 6,000,000 ordinary shares of the Company at a total consideration of HK\$1,042,500, out of which HK\$6,000 was credited to the share capital, HK\$97,325 was debited to the share-based payment reserves and the balance of HK\$1,133,825 was credited to the share premium.

## 12. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of HK\$84,056,674 (31 December 2008: HK\$49,598,238) and 1,614,600,000 (31 December 2008: 1,359,600,000) ordinary shares in issue as at 30 June 2009.

## 13. COMMITMENTS UNDER OPERATING LEASES

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

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

	<b>(Unaudited)</b> <b>30 June</b> <b>2009</b> <b>HK\$</b>	(Audited) 31 December 2008 HK\$
Not later than 1 year	<b>839,376</b>	346,883
Later than 1 year and not later than 5 years	<b>629,532</b>	—
	<b>1,468,908</b>	346,883

## 14. EVENTS AFTER THE END OF THE REPORTING PERIOD

After the balance sheet date, an aggregate of 15,600,000 share options were exercised to subscribe for a total of 15,600,000 ordinary shares of the Company at a total consideration of HK\$2,690,000, out of which HK\$15,600 were credited to the share capital, HK\$402,903 were debited to the share-based payment reserves and the balance of HK\$3,077,303 were credited to the share premium.

For the aforesaid exercise of share options of total 15,600,000 ordinary shares, out of which 9,000,000 ordinary shares and 2,000,000 ordinary shares were exercised by executive directors, Mr. Chu Wai Lim and Ms. Fong Son Wa on 3 July 2009 respectively. Their interests in shares and underlying shares of the Company on 3 July 2009, the date they exercised the share options, were as follows:

### Long position

Name of Directors	Nature of interests	Ordinary shares of HK\$0.001 each	Approximate percentage of total issued shares at 3 July 2009, 1,627,200,000 shares
CHU Wai Lim	Interests in issued shares	9,000,000	0.55%
FONG Son Wa	Interests in issued shares	2,000,000	0.12%
	Interests in underlying shares	7,000,000	0.43%

### 15. RELATED PARTY TRANSACTIONS

Under Listing rules Chapter 21.13, any investment manager, investment adviser or custodian (or any connected person thereof) is regarded as connected person.

The following transactions were carried out with related party:

	(Unaudited) Six months ended 30 June	
	2009 HK\$	2008 HK\$
Investment management fee paid to Up Way Asia Fund Management Limited	57,097	—
Success Talent Investments Limited	90,000	180,000
Consultancy fee to Mr. Andrew Look (Note)	20,000	—

Note: As at 30 June 2009, Mr. Andrew Look was a single substantial shareholder.

### 16. SHARE-BASED PAYMENTS

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

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

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

On 10 June 2009, share options to subscribe for a total of 135,960,000 ordinary shares, representing approximately 10% of the issued share capital of the Company, except for certain options were conditional on the shareholders' approval at the forthcoming special general meeting and the Listing Committee of the Stock Exchange of Hong Kong Limited 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.

Details of the share options are as follows:

### 30 June 2009

Date of grant	Exercise Price	Number of options				At 30 June 2009	Note
		At 1 January 2009	Granted during the period	Exercised during the period	Cancelled during the period		
<b>Share Option Scheme adopted by the Company on 8 February 2002</b>							
30 January 2008	HK\$0.175	99,000,000	–	(4,500,000)	–	94,500,000	(i)
10 June 2009	HK\$0.170	–	135,960,000	(1,500,000)	–	134,460,000	(i) & (ii)
		99,000,000	135,960,000	(6,000,000)	–	228,960,000	
Weighted average exercise price		HK\$0.175	HK\$0.170	HK\$0.174	–	HK\$0.172	

## 31 December 2008

Date of grant	Exercise Price	Number of options			At 31 December 2008	Note	
		At 1 January 2008	Granted during the year	Exercised during the year			Cancelled during the year
Share Option Scheme adopted by the Company on 8 February 2002							
30 January 2008	HK\$0.175	–	99,000,000	–	–	99,000,000	(i)
Weighted average exercise price		–	HK\$0.175	–	–	HK\$0.175	

### Notes:

- (i) The share options outstanding at 30 June 2009 and 31 December 2008 were granted to eligible participants and exercisable during a period of 10 years commencing on the date of each grant. These share options vested at the dates of their issues.
- (ii) The grant of an 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.

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

Expiry date	Exercise price per share HK\$	<b>30 June 2009 Number of share options</b>	31 December 2008 Number of share options
29 January 2018	0.175	<b>94,500,000</b>	99,000,000
9 June 2019	0.170	<b>134,460,000</b>	–

The estimated fair value of the share options granted during the period was approximately HK\$5,932,451 (2008: HK\$701,240). Total consideration received/receivable during the period from employees, directors and consultants for taking up the share option granted amounted to HK\$21. The fair value was calculated using the Black-Scholes Option Pricing Model, taking into account the terms and condition upon which the options were granted.

The significant assumptions and inputs used in the valuation model are as follows:

Spot price	<b>HK\$0.170</b>
Exercise price	<b>HK\$0.170</b>
Expected volatility	<b>100.728%</b>
Expected life (360 days for a year)	<b>180 days</b>
Risk free rate	<b>0.06%</b>
Expected dividend yield	<b>–</b>

Expected volatility was determined based on the historical stock prices of the Company as at the valuation date under the same period as the expected life.

The expected life was determined with reference to the Company's historical share price record as extracted from Bloomberg.

The risk free rate was determined with reference to the Hong Kong Exchange Fund Note and the expected life as extracted from Bloomberg.

#### **17. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2009**

Up to the date of issue of this unaudited condensed interim financial report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ending 31 December 2009.

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

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

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

HKFRSs (Amendments)	–	Improvements to HKFRSs <sup>1</sup>
HKFRSs (Amendments)	–	Improvements to HKFRSs 2009 <sup>2</sup>
HKAS 27 (Revised 2008)	–	Consolidated and Separate Financial Statements <sup>3</sup>
HKAS 39 (Amendment)	–	Eligible Hedged Items <sup>3</sup>
HKFRS 1 (Revised)	–	First-time Adoption of Hong Kong Financial Reporting Standards <sup>3</sup>
HKFRS 2 (Amendments)	–	Group Cash-settled Share-based Payment Transactions <sup>4</sup>
HKFRS 3 (Revised 2008)	–	Business Combinations <sup>3</sup>
HK(IFRIC) – Int 17	–	Distributions of Non-cash Assets to Owners <sup>3</sup>
HK(IFRIC) – Int 18	–	Transfers of Assets from Customers <sup>5</sup>

<sup>1</sup> Amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

<sup>2</sup> Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2010

<sup>5</sup> Effective for transfers on or after 1 July 2009

## 18. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (Revised 2007), *Presentation of Financial Statements*, and HKFRS 8, *Operating Segments*, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 2.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

The Company recorded a net profit of HK\$3,083,726 for the six months ended 30 June 2009 (2008: net loss of HK\$17,558,356), representing a significant turnaround situation of the Company. This is mainly due to the net unrealised fair value gains from the Company's listed investments.

As at 30 June 2009, the Company's net asset value ("NAV") per share was HK\$0.0521 (31 December 2008: HK\$0.0365), increased by 42.74% compared to that as at 31 December 2008. At the end of the period under review, the Company's share price was HK\$0.290 (31 December 2008: HK\$0.0850), reflecting a 456.62% (31 December 2008: 132.88%) premium to NAV per share.

## INVESTMENT REVIEW

During the first half of 2009, different governments and their central banks have adopted a sequence of Quantitative Easing Monetary Policy to stabilise the investment environment. With signs of recovery beginning to sprout, the Company's investment portfolio of listed securities was encouraging. Except for certain dealings, the portfolio was maintained similar as disclosed in the corresponding period in 2008. On the other hand, the Company is continuously seeking for direct investment opportunities, targeting related aspects of the PRC's organic farming area and emerging leasing market as its main direction. Since the worldwide economic environment is still volatile, the Company has strived to strengthen its risk control and internal management while formulating its investment strategy prudently, with an aim to minimise the market risk and gradually achieve our long-term investment objectives.

## PROSPECTS

The PRC is one of the countries suffering from serious desertification in the world. The desertification area in the PRC has taken up one-third of its land area and has been expanding. The Government expressed clear that it would insist on a sustainable development market road on environmental protection, planting agricultural products with high economic value in order to speed up the green coverage in the northwest region and bring the high economic benefits to the agricultural reform. Under great support by the State policy, investment in ecological conservation agriculture will bring enormous business opportunities and represents a meaningful investment direction for an enterprise with humanistic spirit.

Our Company, as an investment enterprise, possesses a long term investment vision and a clear investment belief. The Company has been investing in microorganism green technology and organic farming for long, and will keep on looking for more investment opportunities in these areas. Our target is the use of microorganism green technology to improve soil so as to increase the cultivatable areas in the PRC. Meanwhile, in achieving the goals of "high value, high quality and high productivity", through the organic farming and the use of advanced green biotechnology, we are able to compete with the traditional farming which uses chemical fertilizers and help farmers to increase their income substantially.

The technology of our investment project has been widely applied to a wide range of cultivation, including rice, grape, pumpkin, tangerine, sugar cane, banana and other categories of vegetables and fruits. Having tested repeatedly, the technology has shown notable improvement. The generated products have been awarded organic certifications from various local and foreign authorities and the technology is able to be applied to large scale cultivation. We believe that the Company would bring remarkable return to our shareholders in the very near future by providing an investment platform to the investors in the area of environmental conservation.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Company continued to maintain a healthy financial position. As at 30 June 2009, the cash and bank balances of the Company were approximately HK\$27.6 million (31 December 2008: approximately HK\$1.1 million). The Board believes that the Company has sufficient working capital for its operations.

The Company did not pledge any marketable securities for banking facilities as at 30 June 2009 (31 December 2008: Nil) nor has any bank borrowing. The gearing ratio was nil (31 December 2008: Nil).

As at 30 June 2009, the Company had no material capital commitments and contingent liabilities.

## **EXPOSURE TO FOREIGN EXCHANGE RISK**

Majority of the Company's investment are denominated in HK\$ (for certain investment in Hong Kong equity as well as cash with bank). The Company also has some investments in Australian Securities Exchange Limited (approximately 0.4% of total assets). As such, the Board considers the Company's exposure to foreign exchange fluctuation acceptable and no particular hedging strategy needs to be adopted.

## **CAPITAL STRUCTURE**

As at 30 June 2009, the Company's total number of issued shares was 1,614,600,000 (As at 31 December 2008: 1,359,600,000).

## **STAFF**

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

## **DIRECTORS' AND CHIEF EXECUTIVES' INTEREST**

As at 30 June 2009, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the

Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the Listing Rules were as follows:

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

Name of Directors	Nature of interests	Ordinary shares of HK\$0.001 each		Approximate percentage of total issued shares
		Personal interests	Note	Note (i)
WAI Chung Fai	Interests in underlying shares	10,000,000	(ii)	0.62%
SHIU Kwok Keung	Interests in underlying shares	20,000,000	(ii) & (iii)	1.24%
CHU Wai Lim	Interests in underlying shares	9,000,000	(ii)	0.56%
FONG Son Wa	Interests in underlying shares	9,000,000	(ii)	0.56%
CHOI Shek Chau	Interests in underlying shares	1,000,000	(ii)	0.06%

**(b) As at 30 June 2009, details of share options granted to Directors and employees under the share option scheme (the Company adopted on 8 February 2002) of the Company were as follows:**

Grantee	Date of grant	Exercise period	Exercise price per share	Number of share options	
				1 January 2009	30 June 2009
<b>Directors</b>					
WAI Chung Fai	30 January 2008	30 January 2008 to 29 January 2018	HK\$0.175	7,000,000	7,000,000
	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.170	–	3,000,000
SHIU Kwok Keung	10 June 2009	10 June 2009 to 9 June 2019 Note (iii)	HK\$0.170	–	20,000,000

Grantee	Date of grant	Exercise period	Exercise price per share	Number of share options	
				1 January 2009	30 June 2009
<b>Directors</b>					
CHU Wai Lim	30 January 2008	30 January 2008 to 29 January 2018	HK\$0.175	6,000,000	6,000,000
	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.170	–	3,000,000
FONG Son Wa	30 January 2008	30 January 2008 to 29 January 2018	HK\$0.175	6,000,000	6,000,000
	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.170	–	3,000,000
CHOI Shek Chau	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.170	–	1,000,000
<b>Employees</b>					
Employees	30 January 2008	30 January 2008 to 29 January 2018	HK\$0.175	1,600,000	1,600,000
Employees	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.170	–	1,000,000

*Notes:*

- (i) As at 30 June 2009, the total number of issued shares of the Company was 1,614,600,000.
- (ii) These represent the interests in underlying shares in respect of share options granted by the Company, the details of which are stated in section (b) above.
- (iii) For the 20,000,000 share options, Shareholders' approval was obtained at the special general meeting which was held on 19 August 2009 and the Listing Committee of the Stock Exchange granted the listing of and permission to deal in such number of Shares which may be issued pursuant to exercise of options to be granted.

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

As at 30 June 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

### Long positions

(a) *Ordinary shares of HK\$0.001 each of the Company*

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Andrew Look	Beneficial owner	170,000,000	10.53%

(b) *Share options*

Name of shareholder	Capacity	Number of share options	Number of underlying shares
Mr. Andrew Look	Beneficial owner	45,000,000	45,000,000

*Note:* For the 45,000,000 share options, the shareholders' approval was obtained at the special general meeting which was held on 19 August 2009 and the Listing Committee of the Stock Exchange granted the listing of and permission to deal in such number of shares of the Company which may be issued pursuant to exercise of options to be granted.

Save as disclosed above, as at 30 June 2009, 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.

## **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 2009 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 2009, the Company did not purchase, sell or redeem any of the Company's listed securities.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

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

## **AUDIT COMMITTEE**

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

During the period under review, Mr. Shiu Kwok Keung has re-designated as an executive director and resigned as the chairman of the Audit Committee and a member of Remuneration Committee of the Company with effect from 22 January 2009. In order to address to the non-compliance of Rule 3.10 of the Listing Rules, the Company had used its best efforts to identify other suitable person to be an independent non-executive director and a member of the Audit and Remuneration Committee of the Company. On 7 April 2009, Mr. Tsang Wai Wa was appointed as an independent non-executive director as well as the chairman of the Audit Committee and a member of the Remuneration committee of the Company to fill the casual vacancy.

The Audit Committee met and reviewed with the management the accounting principles and practices adopted by the Company, and discussed internal controls and financial reporting matters including a review of the Company's unaudited condensed financial statements for the six months ended 30 June 2009.

## REMUNERATION COMMITTEE

A Remuneration Committee was established by the Company on 30 August 2005, in accordance with the requirement of the Code on Corporate Governance Practices (the “CG Code”) set out in Appendix 14 of the Listing Rules. The Remuneration Committee comprises one Executive Director and three Independent Non-executive Directors: Mr. Chu Wai Lim, Mr. Tsang Wai Wa, Mr. Chen Man Lung and Mr. Choi Shek Chau. During the period under review, Mr. Shiu Kwok Keung resigned as a member of the Remuneration Committee due to his redesignation as an executive director and Mr. Tsang Wai Wa was appointed to fill the casual vacancy. Mr. Chu Wai Lim was the chairman of the Remuneration Committee. The Remuneration Committee has adopted terms of reference which are in line with the CG Code.

## NOMINATION COMMITTEE

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

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

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

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

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

By Order of the Board  
**Shiu Kwok Keung**  
*Executive Director*

Hong Kong, 17 September 2009