



OPES ASIA DEVELOPMENT LIMITED

華保亞洲發展有限公司*

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

INTERIM REPORT
2011



* For identification purposes only

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Yang Yongdong
Chu Wai Lim
Fong Son Wa

Non-executive Directors:

Cheung Tung Lan, Tony (*Chairman*)
Wang Shiyan

Independent Non-executive Directors:

Tsang Wai Wa
Professor Chen Yamin
Chan Yuk Sang

AUDIT COMMITTEE

Tsang Wai Wa (*Chairman*)
Professor Chen Yamin
Chan Yuk Sang

REMUNERATION COMMITTEE

Chu Wai Lim (*Chairman*)
Tsang Wai Wa
Professor Chen Yamin
Chan Yuk Sang

COMPANY SECRETARY

Yeung Ming Kong, Kenneth

AUDITOR

FTW & Partners CPA Limited

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

D.S. Cheung & Co.

As to Bermuda Law

Appleby Hunter Bailhache

REGISTERED OFFICE

Canon's Court
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Hamilton HM 12
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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89 Queensway
Hong Kong

REGISTRARS IN HONG KONG

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

STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

810

The Board of Directors (the “Board”) of Opes Asia Development Limited (the “Company”) announced the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2011, with comparative figures for the corresponding periods in 2010 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

		(Unaudited)	
		Six months ended 30 June	
	Note	2011 HK\$	2010 HK\$
Turnover	4	9,219,427	41,400
Cost of equity securities disposed of		(8,469,684)	—
Unrealised fair value losses on financial assets at fair value through profit or loss		(15,513,799)	(1,981,193)
Impairment loss on available-for-sale financial assets		(6,720,000)	—
Gross loss		(21,484,056)	(1,939,793)
Other income	4	1,542	38,248
Administrative expenses		(3,036,044)	(2,468,893)
Other operating expenses		(829,596)	(472,524)
Finance costs	5	(18)	—
Loss for the period	6	(25,348,172)	(4,842,962)
Attributable to:			
Equity holders of the Company	8	(25,348,172)	(4,842,962)
			(Restated)
Loss per share for loss attributable to the equity holders of the Company during the period			
— basic	9	(HK cents 1.322)	(HK cents 0.259)
— diluted		(HK cents 1.322)	(HK cents 0.259)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	(Unaudited)	
	Six months ended 30 June	
	2011	2010
	HK\$	HK\$
Loss for the period	(25,348,172)	(4,842,962)
Other comprehensive income		
Available-for-sale financial assets:		
Changes in fair value	(1,500,000)	—
Other comprehensive expenses for the period, (net of tax)	(1,500,000)	—
Total comprehensive loss for the period	(26,848,172)	(4,842,962)
Total comprehensive loss attributable to:		
Equity holders of the Company	(26,848,172)	(4,842,962)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Note	(Unaudited) 30 June 2011 HK\$	(Audited) 31 December 2010 HK\$
ASSETS			
Non-current assets			
Property, plant and equipment	10	309,623	101,697
Financial assets at fair value through profit or loss	11	11,800,000	17,995,000
Available-for-sale financial assets	12	12,600,000	20,820,000
		24,709,623	38,916,697
Current assets			
Financial assets at fair value through profit or loss	11	31,193,651	30,398,457
Deposit for acquisition of an investment	13	—	—
Other receivables, prepayments and deposits		1,531,835	5,925,634
Cash and cash equivalents		72,918,145	22,187,585
		105,643,631	58,511,676
Total assets		130,353,254	97,428,373
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	14	2,494,200	1,630,200
Reserves		127,312,255	95,437,459
Total equity		129,806,455	97,067,659
LIABILITIES			
Current liabilities			
Other payables and accrued charges		546,799	360,714
Total liabilities		546,799	360,714
Total equity and liabilities		130,353,254	97,428,373
Net current assets		105,096,832	58,150,962
Total assets less current liabilities		129,806,455	97,067,659
Net asset value per share	15	0.0520	0.0595

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	(Unaudited)						
	Attributable to equity holders of the Company						
	Share capital	Share premium	Contributed surplus	Share-based payment reserves	Available-for-sale fair values reserve	Accumulated losses	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance as at 1 January 2010	1,630,200	48,838,530	61,305,993	6,133,463	—	(33,344,410)	84,563,776
Total comprehensive loss for the period	—	—	—	—	—	(4,842,962)	(4,842,962)
Balance as at 30 June 2010	1,630,200	48,838,530	61,305,993	6,133,463	—	(38,187,372)	79,720,814
Balance as at 1 January 2011	1,630,200	48,838,530	61,305,993	6,133,463	—	(20,840,527)	97,067,659
Proceeds from placing of new shares	32,600	3,422,658	—	—	—	—	3,455,258
Proceeds from open offer	831,400	55,300,310	—	—	—	—	56,131,710
Share option lapsed and cancelled	—	—	—	(1,725,081)	—	1,725,081	—
Total comprehensive loss for the period	—	—	—	—	(1,500,000)	(25,348,172)	(26,848,172)
Balance as at 30 June 2011	2,494,200	107,561,498*	61,305,993*	4,408,382*	(1,500,000)*	(44,463,618)*	129,806,455

* These reserve accounts comprise the reserves of HK\$127,312,255 (31 December 2010: HK\$95,437,459) in the condensed statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	(Unaudited)	
	Six months ended 30 June	
	2011	2010
	HK\$	HK\$
Net cash used in operating activities	(8,732,914)	(3,594,600)
Net cash (used in)/generated from investing activities	(123,494)	79,648
Net cash generated from financing activities	59,586,968	—
Net increase/(decrease) in cash and cash equivalents	50,730,560	(3,514,952)
Cash and cash equivalents at beginning of period	22,187,585	25,092,571
Cash and cash equivalents at end of period	72,918,145	21,577,619
Analysis of balances of cash and cash equivalents		
Bank balances and cash	72,918,145	21,577,619

1. BASIS OF PREPARATION

This unaudited condensed consolidated 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 31 August 2011.

Except as described in note 2 to the interim financial report, the unaudited condensed consolidated interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 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 condensed consolidated interim financial report contains condensed consolidated 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 Group since the 2010 annual financial statements. The unaudited condensed interim consolidated financial statements and notes thereon do not include all of the information required for full set of consolidated 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 2010 that is included in the interim financial report as being previously reported information does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2010 are available from the Group's registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 28 March 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

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

In the current interim period, the Group has applied, for the first time, the following new or revised HKFRSs and amendments issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2011. The adoption of the following new and revised HKFRSs and amendments had no significant impacts on the Group's accounting policies and had no significant effect on the results reported for the first half of 2011.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKFRS 1 (Amendments)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters
HKAS 24 (Revised)	Related party disclosures
HKAS 32 (Amendments)	Classification of rights issues
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a minimum funding requirement
HK(IFRIC)-Int 19	Extinguishing financial liabilities with equity instruments

3. SEGMENT INFORMATION

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

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

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

3. SEGMENT INFORMATION *(Continued)*

Segment results represent the gross profit/(loss) for the period in each operating 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.

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\$	The PRC HK\$	Australia HK\$	Hong Kong HK\$	The PRC HK\$	
For the six months ended 30 June 2011						
TURNOVER	9,204,189	15,238	—	—	—	9,219,427
Segment results	(6,388,025)	1,542	(8,377,573)	(6,720,000)	—	(21,484,056)
Interest income						1,542
Depreciation						(55,074)
Interest expenses						(18)
Unallocated income						—
Unallocated expenses						(3,810,566)
Loss for the period						(25,348,172)

3. SEGMENT INFORMATION (Continued)

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

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:

	(Unaudited) Six months ended 30 June	
	2011 HK\$	2010 HK\$
Turnover:		
Sales of financial assets at fair value through profit or loss	9,078,664	—
Dividend income	140,763	41,400
	9,219,427	41,400
Other income:		
Interest income	1,542	38,248

5. FINANCE COSTS

	(Unaudited)	
	Six months ended 30 June	
	2011	2010
	HK\$	HK\$
Interest on bank overdrafts	18	—

6. LOSS FOR THE PERIOD

	(Unaudited)	
	Six months ended 30 June	
	2011	2010
	HK\$	HK\$
Loss for the period is arrived at:		
After charging the following items:		
Depreciation	55,074	86,293
Operating lease payment in respect of rental premises	547,426	432,720
Impairment loss on other receivables	—	36,986
Staff costs, including directors' emoluments		
Wages and salaries	1,460,558	1,339,800
Retirement benefits scheme contributions	26,456	35,600
	1,487,014	1,375,400

7. INCOME TAX

No Hong Kong Profits is provided as the Group has no estimated assessable profit for the period (2010: Nil).

8. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the condensed consolidated financial statements of the Group to the extent of HK\$25,348,172 (2010: HK\$4,842,962).

9. LOSS PER SHARE

(a) Basic

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

	(Unaudited) Six months ended 30 June	
	2011 HK\$	2010 HK\$ (Restated)
Loss attributable to equity holders of the Company	(25,348,172)	(4,842,962)
Weighted average number of ordinary shares in issue	1,917,908,259	1,868,966,667
Basic loss per share	(HK cents 1.322)	(HK cents 0.259)

9. LOSS PER SHARE (Continued)

(b) Diluted

Diluted 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 market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2011 HK\$	2010 HK\$ (Restated)
Loss attributable to equity holders of the Company	(25,348,172)	(4,842,962)
Weighted average number of ordinary shares in issue	1,917,908,259	1,868,966,667
Adjustments for — Share options	—	—
Weighted average number of ordinary shares for diluted loss per share	1,917,908,259	1,868,966,667
Diluted loss per share	(HK cents 1.322)	(HK cents 0.259)

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share in 2010 has been adjusted to reflect the issuance of shares under the open offer of the Company's shares during the six months ended 30 June 2011.

10. PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

During the six months ended 30 June 2011, the Group acquired items of property, plant and equipment of a sum of HK\$263,000 (six months ended 30 June 2010: Nil). No items of property, plant and equipment were disposed of during the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

(b) Impairment losses

During the six months ended 30 June 2011, no impairment has been made to the property, plant and equipment (six months ended 30 June 2010: Nil).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 June 2011 HK\$	(Audited) 31 December 2010 HK\$
Listed securities:		
Equity securities — Hong Kong	33,270,060	31,253,514
Equity securities — The PRC	961,221	—
Equity securities — Australia	8,762,370	17,139,943
Market value of listed securities	42,993,651	48,393,457
Less: Non-Current portion	(11,800,000)	(17,995,000)
Current portion	31,193,651	30,398,457

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

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

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2011 HK\$	31 December 2010 HK\$
Non-current portion		
At the beginning of the period/year	20,820,000	20,927,000
Addition	—	—
Impairment	(6,720,000)	(107,000)
Fair value loss transfer to equity	(1,500,000)	—
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At the end of the period/year	12,600,000	20,820,000

There were no disposals on available-for-sale financial assets in six months ended 30 June 2011 and the year of 2010.

Available-for-sale financial assets including the following:

	30 June 2011 HK\$	31 December 2010 HK\$
Unlisted securities		
Unlisted securities — the Cayman Islands	—	—
Unlisted securities — the PRC	7,320,000	8,820,000
Unlisted securities — Hong Kong	5,280,000	12,000,000
	<hr/>	<hr/>
	12,600,000	20,820,000

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

The Group has not reclassified any financial assets measured at amortized cost rather than fair value during the period/year.

	30 June 2011 HK\$	31 December 2010 HK\$
Fair values of available-for-sale financial assets are as follows:		
Unlisted securities		
— The Cayman Islands	—	—
— The PRC	7,320,000	8,820,000
	7,320,000	8,820,000

13. DEPOSIT FOR ACQUISITION OF AN INVESTMENT

The deposit of HK\$3,000,000 paid was for the purchase of 20% equity interests in an unlisted PRC company, 廣州星越航空服務有限公司, in previous years. Full impairment provision of HK\$3,000,000 had been made on 31 December 2009. In March 2010, the Company decided to take legal actions against the vendor for his default in repayment but the Company could not reach the vendor. In June 2010, Director of the Company visited the contact address of the vendor and try to collect the debts, however the vendor still could not be reached. On 30 June 2011, the Board reviewed the impairment made and there is no reversal of the impairment during the period under review.

14. SHARE CAPITAL

	(Unaudited) 30 June 2011		(Audited) 31 December 2010	
	Number of shares	HK\$	Number of shares	HK\$
Authorised Ordinary shares of HK\$0.001 each At beginning and end of the period/year	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/year	1,630,200,000	1,630,200	1,630,200,000	1,630,200
Placing of new shares	32,600,000	32,600	—	—
Open Offer	831,400,000	831,400	—	—
At end of the period/year	2,494,200,000	2,494,200	1,630,200,000	1,630,200

Issued capital as at 31 December 2010 amounted to HK\$1,630,200. There were no movements in the issued capital of the Company during the year of 2010.

On 8 April 2011, the Company entered into a placing agreement (the "Placing Agreement") with a Placing Agent, an independent third party. On 28 April 2011, the placing was completed. Pursuant to the Placing Agreement, the Company issued a total of 32,600,000 ordinary shares with par value of HK\$0.001 each at a price of HK\$0.112 each. The issued share capital of the Company was thus increased from HK\$1,630,200 to HK\$1,662,800. 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\$3.4 million of the proceeds raised for numerous future investment opportunities to fulfill the investment objectives of the Company.

14. SHARE CAPITAL (Continued)

On 6 May 2011, the Company entered into an underwriting agreement (“the Underwriting Agreement”) with an Underwriter to raise fund by issuing not fewer than 831,400,000 and not more than 938,080,000 offer shares (“Offer Shares”) at the subscription price of HK\$0.07 per Offer Share on the basis of one Offer Share for every two existing shares. On 16 June 2011, the Open Offer was completed. The Company issued a total of 831,400,000 ordinary shares with par value of HK\$0.001 each at a price of HK\$0.07 each. The issued share capital of the Company was thus increased from HK\$1,662,800 to HK\$2,494,200. The excess of the subscription price over the nominal value of the share capital issued was credited as share premium. The Company will apply approximately HK\$56.1 million of the net proceeds for not limit to the currently negotiating possible opportunities in finance and manufacturing and their related industries.

During the period under review, a total of 41,000,000 share options had lapsed and a total of 52,900,000 share options had been cancelled, HK\$1,240,727 and HK\$484,354 were credited to the accumulated losses into the condensed consolidated statement of changes in equity as lapse of share option and cancellation of share option respectively and debited the same into the share-based payment reserves.

15. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of HK\$129,806,455 (31 December 2010: HK\$97,067,659) and 2,494,200,000 (31 December 2010: 1,630,200,000) ordinary shares in issue as at 30 June 2011.

16. COMMITMENTS UNDER OPERATING LEASES

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

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

	(Unaudited)	(Audited)
	30 June	31 December
	2011	2010
	HK\$	HK\$
Not later than 1 year	482,400	209,844

17. EVENTS AFTER THE END OF THE REPORTING PERIOD

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

18. RELATED PARTY TRANSACTIONS

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

The following transactions were carried out with the related parties:

	(Unaudited)	
	Six months ended 30 June	
	2011	2010
	HK\$	HK\$
Investment management fee to China International Capital Limited	358,589	—
Up Way Asia Fund Management Limited	122,903	180,000
Consultancy fee to Mr. Andrew Look (<i>Note</i>)	40,000	60,000

Note: Consultancy fee of HK\$40,000 to Mr. Andrew Look as a consultant of the Company were made in according to the terms of the consultancy agreement entered between the Company with Mr. Andrew Look, even Mr. Andrew Look ceased to be a substantial shareholder of the Company during the period under review.

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 will expire on 7 February 2012. Under the Scheme, the Board of the Company may grant options to Directors of the Company (including Independent Non-executive Directors) and its eligible participants to subscribe for shares in the Company.

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

19. SHARE OPTION SCHEME (Continued)

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

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

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

As at 30 June 2011, the total outstanding share options granted and yet to be exercised under the Scheme was 135,937,242 shares, representing approximately 5.45% of the issued share capital of the Company. All the options granted are exercisable within a period of 10 years commencing on the adoption date. These share options vested at the dates of their issues and are non-transferable.

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

Date of grant	Exercise Price	At 1 January 2011	Number of options			Lapsed during the period	Open Offer adjustments	At 30 June 2011 (Note (i))
			Granted during the period	Exercised during the period	Cancelled during the period			
Share Option Scheme adopted by the Company on 8 February 2002								
30 January 2008	HK\$0.1538	86,900,000	—	—	(49,900,000)	(15,000,000)	3,034,483	25,034,483
10 June 2009	HK\$0.1494	126,460,000	—	—	(3,000,000)	(26,000,000)	13,442,759	110,902,759
		213,360,000	—	—	(52,900,000)	(41,000,000)	16,477,242	135,937,242
Weighted average exercise price		HK\$0.172	—	—	HK\$0.172	HK\$0.172	HK\$0.1502	HK\$0.1502

19. SHARE OPTION SCHEME (Continued)

Date of grant	Exercise Price	At 1 January 2010	Number of options			At 31 December 2010 (Note (i))
			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	86,900,000	—	—	—	86,900,000
10 June 2009	HK\$0.170	126,460,000	—	—	—	126,460,000
		213,360,000	—	—	—	213,360,000
Weighted average exercise price	HK\$0.172		—	—	—	HK\$0.172

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)) HK\$	30 June 2011	31 December 2010
		Number of share options	Number of share options
29 January 2018	0.1538	25,034,483	86,900,000
9 June 2019	0.1494	110,902,759	126,460,000
		135,937,242	213,360,000

Note:

- (i) The share options outstanding at 30 June 2011 and 31 December 2010 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 numbers of share options and its exercise price have been adjusted after the completion of open offer of the Company dated 16 June 2011.

20. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2011

Up to the date of issue of this unaudited condensed consolidated 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 2011.

The Group 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 Group'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 Group.

HKFRS 1 (Amendments)	Serve hyperinflation and removal of fixed dates for first time adopters ¹
HKFRS 7 (Amendments)	Disclosure — Transfers of Financial Assets ¹
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ⁴
HKFRS 11	Joint Arrangements ⁴
HKFRS 12	Disclosure of Interests in Other Entities ⁴
HKFRS 13	Fair Value Measurement ⁴
HKAS 1 (Amendments)	Presentation of Item of Other Comprehensive Income ³
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ²
HKAS 19 (2011)	Employee Benefits ⁴
HKAS 27 (2011)	Separate Financial Statements ⁴
HKAS 28 (2011)	Investments in Associates and Joint Ventures ⁴

¹ effective for annual periods beginning on or after 1 July 2011

² effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ effective for annual periods beginning on or after 1 January 2013

FTW & Partners CPA Limited 港駿會計師行有限公司



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Hong Kong

Report on Review of Interim Condensed Financial Information to the Board of Directors of Opes Asia Development Limited

(continued into Bermuda with limited liability)

Introduction

We have reviewed the interim condensed consolidated financial information set out on pages 2 to 22, which comprise the interim condensed consolidated statement of financial position of Opes Asia Development Limited (the “Company”) and its subsidiaries (together, the “Group”) as of 30 June 2011 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim 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 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 34 “Interim Financial Reporting” (HKAS 34) issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information base 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 the interim financial information consists of making enquiries, 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 condensed consolidated financial information is not prepared, in all material respects, in accordance with HKAS 34.

FTW & Partners CPA Limited

Certified Public Accountants

Hong Kong, 31 August 2011

HO Cheung Kong

Practising Certificate Number: P05214

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

FINANCIAL REVIEW

The Group recorded a loss of HK\$25,348,172 for the six months ended 30 June 2011 (2010: net loss of HK\$4,842,962). This is mainly due to the net unrealised fair value loss and impairment loss on the Group's listed investments and direct investment.

As at 30 June 2011, the Group's net asset value ("NAV") per share was HK\$0.0520 (31 December 2010: HK\$0.0595), decreased by 12.6% compared to that as at 31 December 2010. At the end of the period under review, the Company's share price was HK\$0.070 (31 December 2010: HK\$0.119), reflecting a 34.6% (31 December 2010: 100.00%) premium to NAV per share.

INVESTMENT REVIEW

In the first half of 2011, the global economy remained turbulent and the capital market experienced dramatic changes. Although the economy of most countries regained upward momentum gradually, inflation pressure remained high. Prices of commodities and precious metals rose to a record high and the CPIs around the world were inching up. Different countries had taken measures to curb inflation and stimulate economic recovery. Unfortunately, while the global economy has yet to recover from the US subprime mortgage crisis, the new round of European sovereign debt crisis emerged, making the global financial markets even more unstable.

Under such complicated circumstances, the confidence of investors all over the world was generally weak. The global market indexes fluctuated significantly in the first half of the year. As a result of the unfavourable market conditions, the Group has suffered from a negative performance of its existing investment portfolio in the half year.

The Group adheres to prudent investment strategies and continuously strengthens risk control and investment management, as well as reviews established investment direction, investment strategies and investment models. Adjustments have been made to some of the investment projects to control investment risks and achieve the medium and long term goal of appreciation in value of the investments.

PROSPECT

We expect that the pressure of inflation will remain high in the second half of the year and the adverse impact from European debt crisis may spread. It is very likely that the prices of international commodities will remain volatile and the likelihood of the implementation of monetary easing by the US-led Western economies will increase. However, the growth of the emerging economies is expected to be maintained while significant recovery in the global economy may continue to face uncertainties.

The Group will keep an eye on the changing environment of the global economy; prudently assess its existing investment portfolio and direct investment projects, including investments in new energy and organic agriculture; evaluate the various aspects like social and economic benefits; and make timely adjustment to its investment portfolio on the basis of risk control and effectiveness.

Meanwhile, the Group will continuously identify appropriate investment opportunities, especially the special opportunities in the market of China, benefitting from the rapid growth of the Chinese economy, including the appreciation of Renminbi. The management sees tremendous growth potential in the domestic financial service industry on the mainland in the coming years. The Group is in initial exploration over a number of potential financial service projects in the mainland and is conducting corresponding preliminary assessments. The management believes that the Group's overall results will be improved and the achievement of the goal of long term continuous capital appreciation for investors will be achieved if these projects are to be implemented successfully.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a healthy financial position. As at 30 June 2011, the cash and bank balances of the Group were approximately HK\$72.9 million (31 December 2010: approximately HK\$22.2 million). The Board believes that the Group has sufficient working capital for its operations.

The Group did not pledge any marketable securities for banking facilities as at 30 June 2011 (31 December 2010: Nil) nor has any bank borrowing. The gearing ratio was nil (31 December 2010: Nil).

As at 30 June 2011, the Group had no material capital commitments and contingent liabilities.

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). The Group also has some investments in Australian Securities Exchange Limited (approximately 6.7% of total assets). As such, the Board considers the Group's exposure to foreign exchange fluctuation acceptable and no particular hedging strategy is needed to be adopted.

CAPITAL STRUCTURE

As at 30 June 2011, the Company's total number of issued shares was 2,494,200,000 (As at 31 December 2010: 1,630,200,000).

STAFF

As at 30 June 2011, the Company comprised of three 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 2011 was approximately HK\$1.5 million (2010: approximately HK\$1.4 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

Dr. Wai Chung Fai resigned as Executive Director and the Chairman of the Board of the Company with effect from 11 March 2011 and Mr. Cheung Tung Lan, Tony was appointed as Non-executive Director and the Chairman of the Board with effective from 18 March 2011 to fill the causal vacancy.

Mr. Shiu Kwok Keung resigned as Executive Director and Chief Executive Officer of the Company and Mr. Yang Yongdong was appointed as Executive Director and Chief Executive Officer of the Company to fill the causal vacancy both effective from 15 April 2011.

Mr. Chen Man Lung and Mr. Choi Shek Chau resigned as Independent Non-executive Directors, members of Audit Committee and members of Remuneration Committee of the Company with effective from 21 April 2011 and 9 May 2011 respectively; Mr. Chan Yuk Sang and Professor Chen Yamin were appointed as Independent Non-executive Directors, members of Audit Committee and members of Remuneration Committee of the Company with effective from 21 April 2011 and 9 May 2011 respectively to fill the causal vacancy.

Mr. Wang Shiyan was appointed as Non-executive Director of the Company with effective from 28 July 2011.

As at the date of this interim report, the Board consists of three Executive Directors namely, Mr. Yang Yongdong, Mr. Chu Wai Lim, and Ms. Fong Son Wa; two Non-executive Directors namely, Mr. Cheung Tung Lan, Tony and Mr. Wang Shiyan; and three Independent Non-executive Directors namely, Mr. Tsang Wai Wa, Professor Chen Yamin and Mr. Chan Yuk Sang.

DIRECTORS' INTEREST IN SECURITIES

As at 30 June 2011, 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	
CHEUNG Tung Lan, Tony	Interests in issued shares	255,000,000		10.23%
CHU Wai Lim	Interests in issued shares	13,500,000		0.54%
FONG Son Wa	Interests in issued shares	3,000,000		0.12%
	Interests in underlying shares	7,965,517	(ii)	0.28%

(b) As at 30 June 2011, details of share options granted to Directors, Substantial shareholders and employees under the share option scheme (the Company adopted the Scheme on 8 February 2002) of the Company were as follows:

Grantee	Date of grant	Exercise period	Exercise price per share (Note (iv))	Number of share options	
				1 January 2011	30 June 2011 (Note (iv))
Director					
FONG Son Wa	30 January 2008	30 January 2008 to 29 January 2018	HK\$0.1538	6,000,000	6,827,586
	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.1494	1,000,000	1,137,931
Former Substantial shareholder					
Andrew LOOK (Note (iii))	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.1494	45,000,000	51,206,897
Former Directors					
WAI Chung Fai	30 January 2008	30 January 2008 to 29 January 2018	HK\$0.1750	7,000,000	—
	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.1700	3,000,000	—
SHIU Kwok Keung (Note (iii))	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.1700	20,000,000	—
CHOI Shek Chau	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.1700	1,000,000	—
LAU Shun Chi, Benjamin	30 January 2008	30 January 2008 to 29 January 2018	HK\$0.1750	8,000,000	—
	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.1700	2,000,000	—
Employees					
Employees	30 January 2008	30 January 2008 to 29 January 2018	HK\$0.1538	1,000,000	1,137,931
Employees	10 June 2009	10 June 2009 to 9 June 2019	HK\$0.1494	1,000,000	1,137,931

Notes:

- (i) As at 30 June 2011, the total number of issued shares of the Company was 2,494,200,000.
- (ii) These represent the interests in underlying shares in respect of share options granted by the Company, the details of which are stated in section (b) above.
- (iii) Mr. Shiu Kwok Keung and Mr. Andrew Look were previously granted share options in excess of their respective individual limit.
- (iv) The numbers of share options and its exercise price have been adjusted after the completion of open offer of the Company dated 16 June 2011.

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

As at 30 June 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long positions

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Cheung Tung Lan, Tony	Beneficial owner	255,000,000	10.23%

Save as disclosed above, as at 30 June 2011, no person, other than the Director whose interests are set out in the section "Disclosure of interests" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of Part XV of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme disclosures, at no time during the six months ended 30 June 2011 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 2011, 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 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, Mr. Chan Yuk Sang and Professor Chen Yamin were appointed as member of Audit Committee of the Company to fill the vacancy arising from the resignation of Mr. Chen Man Lung and Mr. Choi Shek Chau.

As at the date of this interim report, the Audit Committee of the Company comprises Mr. Tsang Wai Wa, Professor Chen Yamin and Mr. Chan Yuk Sang who are all Independent Non-executive Directors of the Company.

The Audit Committee met and reviewed with the management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including a review of the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2011.

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. During the period under review, Mr. Chan Yuk Sang and Professor Chen Yamin were appointed as member of Remuneration Committee of the Company to fill the vacancy arising from the resignation of Mr. Chen Man Lung and Mr. Choi Shek Chau. As at the date of this interim report, the Remuneration Committee comprises one Executive Director and three Independent Non-executive Directors: Mr. Chu Wai Lim, Mr. Tsang Wai Wa, Professor Chen Yamin and Mr. Chan Yuk Sang. 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 not yet to appoint a Nomination Committee, the establishment of which is a recommended best practice by the Stock Exchange.

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

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

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

The Company will continue 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
Chu Wai Lim
Executive Director

Hong Kong, 31 August 2011