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## OPES ASIA DEVELOPMENT LIMITED

華保亞洲發展有限公司\*

(Continued into Bermuda with limited liability)

(Stock Code: 810)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

#### INTERIM RESULTS

The Board of Directors (the "Board") of Opes Asia Development Limited (the "Company") announced the unaudited interim results of the Company for the six months ended 30 June 2010, with comparative figures for the corresponding periods in 2009. The condensed interim financial statements are unaudited, but have been reviewed by the Company's audit committee.

#### CONDENSED INCOME STATEMENT

For the six months ended 30 June 2010

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

\* For identification purpose only

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

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

## CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	(Unaudited) 30 June 2010 HK\$	(Audited) 31 December 2009 HK\$
Note		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	187,990	274,283
Financial assets at fair value through profit or loss	14,750,000	22,420,000
Available-for-sale financial assets	20,927,000	20,927,000
	<u>35,864,990</u>	<u>43,621,283</u>
<b>Current assets</b>		
Financial assets at fair value through profit or loss	21,968,482	10,542,224
Deposits for acquisition of investments	–	–
Other receivables, prepayments and deposits	466,922	5,748,548
Cash and cash equivalents	21,577,619	25,092,571
	<u>44,013,023</u>	<u>41,383,343</u>
<b>Total assets</b>	<u>79,878,013</u>	<u>85,004,626</u>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the Company's equity holders</b>		
Share capital	1,630,200	1,630,200
Reserves	78,090,614	82,933,576
<b>Total equity</b>	<u>79,720,814</u>	<u>84,563,776</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Other payables and accrued charges	157,199	440,850
<b>Total liabilities</b>	<u>157,199</u>	<u>440,850</u>
<b>Total equity and liabilities</b>	<u>79,878,013</u>	<u>85,004,626</u>
<b>Net current assets</b>	<u>43,855,824</u>	<u>40,942,493</u>
<b>Total assets less current liabilities</b>	<u>79,720,814</u>	<u>84,563,776</u>
<b>Net asset value per share</b>	8 <u>0.0489</u>	<u>0.0519</u>

## **1. BASIS OF PREPARATION**

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

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

In the current interim period, the Company has applied, for the first time, the following new or revised HKFRSs and amendments issued by the HKICPA, which are effective for the Company's financial year beginning on 1 January 2010. The adoption of the following new and revised HKFRSs and amendments 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 2010.

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

## 3. SEGMENT INFORMATION

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

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

The business of investment in listed companies mainly refers to the investments in the Stock Exchange and the Australian Securities Exchange Limited. The major sources of income of the business are gains on disposals of investments and dividend income, 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 chief operating decision maker for the purpose of resources allocation and assessment of segment performance. Segment results exclude other income such as interest income and unallocated corporate expenses such as administrative and other operating expenses.

### 3. SEGMENT INFORMATION – continued

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

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

	Listed investments		Unlisted investments		Total HK\$
	Hong Kong HK\$	Australia HK\$	Hong Kong HK\$	The PRC HK\$	
For the six months ended 30 June 2009					
TURNOVER	<u>791,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>791,100</u>
Segment results	<u>20,318,879</u>	<u>(7,963,318)</u>	<u>-</u>	<u>-</u>	12,355,561
Interest income					741
Depreciation					(14,382)
Unallocated expenses					<u>(9,258,194)</u>
Profit for the period					<u>3,083,726</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>2010</b>	<b>2009</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Turnover:</b>		
Sales of financial assets at fair value through profit or loss	–	791,100
Dividend income	<b>41,400</b>	–
	<hr/>	<hr/>
<b>Other income:</b>		
Interest income	<b>38,248</b>	741
	<hr/>	<hr/>

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

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

#### 6. INCOME TAX EXPENSE

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

## 7. (LOSS)/EARNINGS PER SHARE

### (a) Basic

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

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

### (b) Diluted

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

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



## **8. NET ASSET VALUE PER SHARE**

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

## **9. EVENTS AFTER THE END OF THE REPORTING PERIOD**

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

## **INTERIM DIVIDEND**

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Review**

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

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

### **INVESTMENT REVIEW**

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

## **PROSPECTS**

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

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

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

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

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

## **LIQUIDITY AND FINANCIAL RESOURCES**

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

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

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

## **EXPOSURE TO FOREIGN EXCHANGE RISK**

Majority of the Company's investment are denominated in 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 4.4% of total assets). As such, the Board considers the Company's exposure to foreign exchange fluctuation acceptable and no particular hedging strategy is needed to be adopted.

## **CAPITAL STRUCTURE**

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

## **STAFF**

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

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

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

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

## **AUDIT COMMITTEE**

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

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

## **REMUNERATION COMMITTEE**

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

## **NOMINATION COMMITTEE**

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

Current Board practice of appointment of new directors is that all valid nomination of candidates, accompanied with related details of their biographies, for directorships in the Company would be brought before the Board for consideration as soon as practicable. Consideration would be given to factors such as the candidate's experience and qualifications relevant to the Company's business. It is believed that members

of the Board would collectively have the required professional knowledge and skills in discharging the Board's responsibility in identifying, recruiting and evaluating new nominees to the Board and the assessment of qualifications of nominated candidates for directorship.

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

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

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

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

Hong Kong, 23 August 2010

*As at the date of this announcement, the Board comprises four executive directors, namely, Dr. Wai Chung Fai, Mr. Shiu Kwok Keung, Mr. Chu Wai Lim and Ms. Fong Son Wa; and three independent non-executive directors, namely, Mr. Tsang Wai Wa, Mr. Chen Man Lung and Mr. Choi Shek Chau.*