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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 2015**

**RESULTS**

The Board of Directors (the “Board”) of Opes Asia Development Limited (“the Company”) announced the unaudited interim result of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015, with comparative figures for the corresponding period in 2014. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Audit Committee of the Company.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 June 2015*

		<b>Six months ended 30 June</b>	
		<b>2015</b>	<b>2014</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Turnover</b>	4	<b>37,337</b>	12,225
Cost of equity securities disposed of		<b>(29,269)</b>	(12,335)
Net unrealised fair value change on financial assets at fair value through profit or loss		<b>23,287</b>	9,758
Interest income on convertible bond		–	3,264
Impairment loss on other receivables		–	(5,372)
Loss on disposal of assets classified as held for sale		–	(7,200)
Dividend income		<b>644</b>	1
Listed debt securities interest income		<b>387</b>	–
		<hr/>	<hr/>
Gross profit		<b>32,386</b>	341

\* *For identification purpose only*

		<b>Six months ended 30 June</b>	
		<b>2015</b>	2014
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited)
Other income	4	<b>715</b>	2,806
Administrative expenses		<b>(12,778)</b>	(14,745)
Other operating expenses		<b>(672)</b>	(2,961)
Written off of property, plant and equipment		–	(1,067)
Finance costs	5	<b>(50)</b>	–
		<hr/>	<hr/>
Profit/(loss) before income tax	6	<b>19,601</b>	(15,626)
Income tax expenses	7	–	(3)
		<hr/>	<hr/>
Profit/(loss) for the period		<b>19,601</b>	(15,629)
		<hr/> <hr/>	<hr/> <hr/>
Profit/(loss) for the period attributable to owners of the Company		<b>19,601</b>	(15,629)
		<hr/> <hr/>	<hr/> <hr/>
Earnings/(loss) per share attributable to owners of the Company (HK cents)			(Restated)
– Basic and diluted	8	<b>7.44</b>	(18.92)
		<hr/> <hr/>	<hr/> <hr/>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2015*

	<b>Six months ended 30 June</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Profit/(loss) for the period	<u><b>19,601</b></u>	<u>(15,629)</u>
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available-for-sale financial assets	(86)	(1,137)
Reclassification of available-for-sale fair value reserve upon disposal of assets classified as held for sale	–	7,200
Reclassification of available-for-sale fair value reserve upon impairment loss recognised	<b>314</b>	–
Exchange differences arising from translation of foreign operations	<u>–</u>	<u>67</u>
Other comprehensive income for the period, net of income tax	<u><b>228</b></u>	<u>6,130</u>
Total comprehensive income/(loss) for the period	<u><b>19,829</b></u>	<u>(9,499)</u>
<b>Total comprehensive income/(loss) for the period attributable to owners of the Company</b>	<u><b>19,829</b></u>	<u>(9,499)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2015*

	<i>Notes</i>	As at <b>30 June 2015</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2014 <i>HK\$'000</i> <b>(Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	18,255	17,983
Intangible asset		120	120
Available-for-sale financial assets	10	43,815	14,112
Deposits for acquisition of property, plant and equipment	11	14,444	–
		<b>76,634</b>	32,215
<b>Current assets</b>			
Financial assets at fair value through profit or loss	12	192,706	97,386
Other receivables, prepayments and deposits		1,557	2,001
Cash and bank balances		7,017	116,830
		<b>201,280</b>	216,217
Assets classified as held for sale		5,900	5,900
		<b>207,180</b>	222,117
<b>Total assets</b>		<b>283,814</b>	<b>254,332</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	13	26,333	26,333
Reserves		246,247	226,418
<b>Total equity</b>		<b>272,580</b>	<b>252,751</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accrued expenses and deposit received		6,496	1,581
Secured bank borrowing	14	4,738	–
<b>Total liabilities</b>		<b>11,234</b>	1,581
<b>Total equity and liabilities</b>		<b>283,814</b>	<b>254,332</b>
<b>Net current assets</b>		<b>195,946</b>	<b>220,536</b>
<b>Total assets less current liabilities</b>		<b>272,580</b>	<b>252,751</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 June 2015*

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group (the “Interim Financial Statements”) for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Interim Financial Statements have been prepared under the historical cost convention, except for certain financial instruments, which are carried at fair values. The Interim Financial Statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand unless otherwise indicated. The Interim Financial Statements have been reviewed by the Audit Committee, and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2014.

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted priced included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in preparing the Interim Financial Statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 December 2014 except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA as discussed below.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2015.

HKFRSs (Amendments)	Annual Improvement to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvement to HKFRSs 2011-2013 Cycle
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contribution

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

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

HKFRSs (Amendments)	Annual Improvement to HKFRSs 2012-2014 Cycle <sup>1</sup>
HKAS 1	Disclosure initiative <sup>1</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor or its associate or joint venture <sup>1</sup>
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: Applying the consolidation exception <sup>1</sup>
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acquisition Methods of Depreciation and Amortisation <sup>1</sup>
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants <sup>1</sup>
HKAS 27 (Amendments)	Equity method in separate financial statements <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016.

<sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2018.

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

### 3. SEGMENT INFORMATION

The Group is principally engaged in investment in equity and debt securities of listed or unlisted companies, and the management accordingly categorizes the investment operations into two reportable business segments, which are listed and unlisted investments. In prior period, a geographic perspective was also used, mainly basing on the locations of the investee companies in which the majority of their revenues were generated. The Group's turnover and segment result by geographical areas are not presented for the six months ended 30 June 2015 as significant transactions are mainly based in Hong Kong. No revenue from transactions amounts to 10% or more of the Group's turnover.

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

Comparative figures in prior period have been re-presented to conform to the current period's presentation.

	<b>Listed investments HK\$'000</b>	<b>Unlisted investments HK\$'000</b>	<b>Total HK\$'000</b>
For the six months ended 30 June 2015 (Unaudited)			
TURNOVER	<u>37,337</u>	<u>–</u>	<u>37,337</u>
Segment results	<u>32,386</u>	<u>400</u>	<u>32,786</u>
Bank interest income			315
Depreciation			(1,108)
Unallocated expenses			(12,342)
Finance costs			<u>(50)</u>
Profit for the period			<u><u>19,601</u></u>

	Listed investments HK\$'000	Unlisted investments HK\$'000	Total HK\$'000
For the six months ended 30 June 2014 (Unaudited)			
TURNOVER	12,225	–	12,225
Segment results	9,650	(9,851)	(201)
Interest income			2
Unallocated sundry income			2,804
Depreciation			(819)
Unallocated expenses			(16,345)
Written off of property, plant and equipment			(1,067)
Income tax expenses			(3)
Loss for the period			<u>(15,629)</u>

*Note:*

For the period ended 30 June 2014, the segment results for unlisted investments represented the losses of approximately HK\$7,200,000 and HK\$2,651,000, attributable to the segment of People's Republic of China ("PRC") and Macau respectively.

#### 4. TURNOVER AND OTHER INCOME

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

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
<b>Turnover:</b>		
Proceeds from sale of equity securities	<u>37,337</u>	<u>12,225</u>
<b>Other income:</b>		
Bank interest income	315	2
Partial recovery of impairment loss on other receivable	400	–
Reversal of impairment loss of the guaranteed annual return ( <i>Note</i> )	–	2,640
Gain on disposal of subsidiaries	–	164
	<u>715</u>	<u>2,806</u>



*Note:*

It was related to the impairment loss previously made in the fiscal year 2012 for the guaranteed annual return of HK\$2,640,000 due from Harvest Smart Becky Agric-Bio Technology Limited. The reversal of impairment loss was recognised, upon receipt of the full amount.

## 5. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on secured bank borrowing	(50)	–

## 6. PROFIT/(LOSS) BEFORE INCOME TAX

The Group's profit/(loss) before income tax is arrived at after charging:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation	1,108	819
Exchange loss	15	251
Minimum lease payment under operating leases: – property rental	–	2,530
Staff costs:		
Employee benefits expense (including directors' remuneration):		
Salaries and allowances	7,572	4,092
Mandatory provident fund contributions	100	113
Share-based payment expenses	–	2,242
	7,672	6,447

## 7. INCOME TAX

No provision for Hong Kong Profits Tax was made as the estimated taxable profits for the six months ended 30 June 2015 were fully offset by tax losses brought forward.

No provision for Hong Kong Profit Tax was made as there was no estimated assessable profit for the six months ended 30 June 2014.

For the six months ended 30 June 2014, the PRC Enterprise Income tax was calculated at 25% of the estimated assessable profit.

## **8. EARNINGS (LOSS) PER SHARE**

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company of approximately HK\$19,601,000 (six months ended 30 June 2014: loss of approximately HK\$15,629,000) and the weighted average number of ordinary shares of 263,327,250 ordinary shares (six months ended 30 June 2014: 82,621,612 ordinary shares).

For the period ended 30 June 2015, there were no outstanding share options and the diluted earnings per share were equivalent to the basic earnings per share.

For the period ended 30 June 2014, the weighted average number of ordinary shares for the purpose of calculation of basic and diluted loss per share was restated from 442,962,927 to 82,621,612 to reflect the effect of the rights issue in September 2014 and the share consolidation in March 2015. Details of the rights issue were set out in the prospectus of the Company dated 4 September 2014. Details of the share consolidation were set out in the Company's announcements dated 13 March 2015 and 5 February 2015 and circular dated 25 February 2015.

In prior period, before accounting for the effect of the above share consolidation, the computation of diluted loss per share assumed no exercise of the Company's outstanding share options since the exercise would result in a decrease in loss per share and the effects were anti-dilutive.

## **9. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2015, the capital expenditure for acquisition of fixed assets was approximately HK\$1,380,000 (six months ended 30 June 2014: HK\$2,247,000).

During the six months ended 30 June 2014, the Group wrote off certain fixed assets in the amount of approximately HK\$1,067,000, upon the disposal of branches in the PRC and Taiwan.

## 10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 June 2015 <i>HK\$'000</i> (Unaudited)	As at 31 December 2014 <i>HK\$'000</i> (Audited)
<b>Unlisted equity securities:</b>		
– the PRC	–	5,900
– Hong Kong	<b>4,000</b>	–
	<b>4,000</b>	5,900
<b>Listed debt securities</b>		
– Hong Kong	<b>39,815</b>	14,112
Transfer unlisted equity securities to assets classified as held for sale	–	(5,900)
	<b>43,815</b>	14,112
Less: Non-current portion	<b>(43,815)</b>	(14,112)
	<b>–</b>	–

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

	Six months ended 30 June 2015 <i>HK\$'000</i> (Unaudited)	For the year ended 31 December 2014 <i>HK\$'000</i> (Audited)
At the beginning of the period/year	<b>14,112</b>	9,956
Addition	<b>29,789</b>	14,112
Disposal	–	(2,909)
Fair value change	<b>(86)</b>	(1,147)
Transfer to assets classified as held for sale	–	(5,900)
At the end of the period/year	<b>43,815</b>	14,112

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

## 11. DEPOSITS FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

In January 2015, the Company's subsidiary entered into a purchase contract for the acquisition of fixed assets in the amount of approximately EUR1,836,000 (equivalent to approximately HK\$16,021,000). As at 30 June 2015, the deposits of approximately EUR 1,652,000 (equivalent to approximately HK\$14,444,000) were paid.

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

	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
<b>Listed equity securities, at fair value</b>		
– Hong Kong	192,706	97,005
– Australia	–	381
	<u>192,706</u>	<u>97,386</u>

Changes in fair values are recorded in “net unrealised fair value change on financial assets at fair value through profit or loss” in the condensed consolidated statement of profit or loss.

Fair values of listed equity securities are primarily based on their quoted bid prices.

## 13. SHARE CAPITAL

	Number of ordinary shares '000 (Unaudited)	Nominal value of ordinary share HK\$'000 (Unaudited)
<b>Authorised:</b>		
At 1 January 2014 (audited), 31 December 2014 (audited), 1 January 2015, at HK\$0.01 each ( <i>Note</i> )	<u>20,000,000</u>	<u>200,000</u>
At 30 June 2015 (unaudited) at HK\$0.10 each ( <i>Note</i> )	<u>2,000,000</u>	<u>200,000</u>
<b>Issued and fully paid:</b>		
At 1 January 2014 (audited)	359,160	3,592
Exercise of share options	9,273	93
Placing of new shares	158,222	1,582
Rights issue	2,106,618	21,066
	<u>2,633,273</u>	<u>26,333</u>
At 31 December 2014 (audited) and 1 January 2015 Share consolidation ( <i>Note</i> )	<u>(2,369,946)</u>	<u>–</u>
At 30 June 2015 (unaudited)	<u>263,327</u>	<u>26,333</u>

*Note:*

Pursuant to an ordinary resolution passed in March 2015, the Company implemented the share consolidation on the basis that every ten issued and unissued shares of HK\$0.01 each has been consolidated into one consolidated share of HK0.10 each effective in March 2015. Details of the share consolidation were set out in the Company's announcements dated 13 March 2015, 5 February 2015 and circular dated 25 February 2015.

**14. SECURED BANK BORROWING**

During the period, the bank borrowing of the Group represented a mortgage loan, secured by its building with carrying amount of approximately HK\$12,771,000. The outstanding loan balance was about HK\$4,738,000 as at 30 June 2015 and the interest was charged at 2.5% below Hong Kong Prime Rate per annum.

**15. NET ASSETS VALUE PER SHARE**

The calculation of net assets value per share is based on the net assets of approximately HK\$272,580,000 (31 December 2014: HK\$252,751,000) and 263,327,250 ordinary shares (31 December 2014: 263,327,250 ordinary shares) of HK\$0.10 each in issue as at 30 June 2015. The net assets value per share as at 30 June 2015 is HK\$1.035 (31 December 2014: HK\$0.960).

As at 31 December 2014, the net assets value per share and originally stated ordinary shares of HK\$0.01 each in issue for the purpose of such calculation were HK\$0.096 and 2,633,372,500 respectively.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

## **FINANCIAL REVIEW**

### **INVESTMENT PORTFOLIO**

During the period, the Group raised the investment portfolio from HK\$111.5 million to approximately HK\$236.5 million. The portfolio primarily comprised investment in listed equity securities of approximately HK\$192.7 million (31 December 2014: HK\$97.4 million) and investment in listed debt securities of approximately HK\$43.8 million (31 December 2014: HK\$14.1 million).

### **Listed equity securities, listed debt securities and unlisted equity securities**

For the six months ended 30 June 2015, financial assets through profit or loss amounted to approximately HK\$192.7 million (as at 31 December 2014: HK\$97.4 million).

Investments which were not held for trading were classified as available-for-sale financial assets. As at 30 June, 2015, the available-for-sale financial assets primarily comprised listed debt securities of approximately HK\$39.8 million and unlisted securities of approximately HK\$4 million (as at 31 December 2014: HK\$14.1 million). The investments in debt securities could provide stable income and lower volatility as compared to listed equity investments.

The unlisted investment represented a 10% equity interest in a light emitting diodes (“LED”) lighting company.

### **Use of rights issue proceeds**

As mentioned in the Rights Issue Documents (i.e. prospectus dated 4 September 2014, announcements dated 11 July 2014 and 31 July 2014 and circular dated 8 August 2014), the net proceeds from the Rights Issue would be applied as to (i) approximately 60% to 70% thereof for investments in listed equity and/or listed debt securities; and (ii) approximately 10% to 20% for investments in un-listed companies remain unchanged. However, given that additional time is required to conduct and complete the relevant due diligence review on potential investments in unlisted companies, the Company had temporarily applied the unutilized proceeds from the Rights Issue allocated for investments in unlisted companies to investments in other listed equity securities and listed debt securities during the interim period while relevant due diligence review on potential investments in unlisted companies remains ongoing. Upon completion of the relevant due diligence review on potential investments in unlisted companies and should such potential investments materialize, the Company will use the proceeds which it has realized from its investments in listed equities and listed debt securities made on a temporary basis to invest in unlisted companies in accordance with the use of proceeds disclosed in the Rights Issue Documents.

## **Share consolidation**

The Group continued to engage in the investment business, and considered to further increase our size by enhancing the capital base. In this connection, a share consolidation exercise was pursued and duly completed in March 2015. This could result in the share price of the Company being more comparable with companies of similar size and market capitalisation, which may also attract more potential investors and expand the shareholder base of the Company. The Company implemented a share consolidation of every ten existing shares of HK\$0.01 each in the issued and unissued share capital into one consolidated share of HK\$0.1 each and the board lot size for trading in the Stock Exchange of Hong Kong was changed from 30,000 existing shares to 6,000 consolidated shares. Details of the share consolidation and the change in board lot size were set out in the circular dated 25 February 2015 and the announcement dated 13 March 2015 and 5 February 2015.

## **REVIEW OF OPERATIONS**

For the six months ended 30 June 2015, the Group's turnover increased to HK\$37.3 million (2014: HK\$12.2 million), representing a rise of approximately 205% as compared with that of last year. In particular, the sales of listed equity securities for the corresponding period were lesser, because of the low volatility of Hong Kong stock market therein. Moreover, the turnover of the current period was comparable to the second half of the financial year 2014 of approximately HK\$35.2 million.

The gross profit for the six months ended 30 June 2015 was approximately HK\$32.4 million (2014: HK\$0.3 million), and primarily comprised the net unrealised fair value change on financial assets through profit or loss amounting to approximately HK\$23.3 million (2014: HK\$9.8 million) and the profit from the sales of listed equity securities. The financial assets mainly comprised equity securities listed on the main board and GEM board.

During the interim period, there was no impairment loss on other receivables nor loss on disposal of assets classified as held for sale (2014: HK\$12.6 million).

The above impairment loss on other receivables was related to the interest receivables from a convertible note subscribed by a subsidiary of the Company. In the financial year 2014, for the sake of prudence, an impairment loss of about HK\$19.05 million was made for the whole amounts due from the convertible note issuer. Further details were set out in page 8 of the annual report 2014. From January 2015 up to the date of this report, we had further received the total sum of repayments of approximately HKD400,000. We have continued our recovery action and have recently received certain proposals. Our lawyers are now negotiating with the other side.

Thanks to our efforts in rationalization of the operations, the administrative expenses dropped to HK\$12.8 million (2014: HK\$14.7 million), and the Group has taken the following cost control measures since 2014:

1. Selling out certain of its subsidiaries in the PRC and Taiwan;
2. Relocating the operations to a self-owned property in Kowloon to reduce the rental expenses; and
3. Entering into a new investment management service contract with Success Talent Investments Limited for a two-year period upon the expiry of the existing investment management contract in June 2015. The maximum annual aggregate management fee will be about HK\$630,000, which represents a discount of approximately 58% to the annual management fees paid for the year ended 31 December 2014 and this can enhance cost and operational efficiency. Further details were set out in the company announcement dated 3 June 2015.

Consequently, the rental expenses and investment management fees were reduced by approximately HK\$2.53 million and approximately HK\$0.75 million, respectively. The professional fees also dropped by HK\$1.36 million.

The group achieved a net profit of about HK\$19.6 million for the six months ended 30 June 2015, primarily attributable to the profit from sales of listed equities and net unrealised fair value change on financial assets at fair value through profit or loss, amounting to about HK\$23.3 million. The unrealized gain mainly arose from the mark-to-market measurement which would be subject to the market price fluctuations of the list shares in the investment portfolio.

## **PROSPECTS**

In the first half of year 2015, the market in mainland and Hong Kong was full of volatility. According to the “Research Paper No. 57: Half-yearly review of the global and local securities market”, issued by the Securities Futures Commission on 17 July 2015, the trading of Hong Kong stock market was very active but the market was also volatile. The Hang Seng Index increased 11.2 % in tandem with the rally in the mainland market. In early 2015, the Mainland investors were optimistic with the various supportive government measures. The People’s Bank of China cut the reserve requirement ratios three times totaling 200 basis points and interest rates were lowered three times by a total of 75 basis points. Moreover, the “One Belt, One Road” initiatives and the Mainland and Hong Kong Mutual recognition of Funds initiative further boosted the investor sentiment and confidence. In June, the Shanghai Composite Index hit the 5,100 level. However, the market corrected quickly and there were serious concerns on the record-high margin financing in the Mainland and the deleveraging activities.



In Hong Kong, the Hang Seng Index rose to seven-year high of over 28,000 points in April and the market has become highly volatile because worries mounted on the cooling measures in the Mainland market, uncertainties on the timing of the US interest rate increase and the Greek debt problem.

In July, the Mainland market suffered from a major correction and market downfall was dramatic and painful to investors. As of 8 July 2015, about half of the stocks that traded in Shanghai and Shenzhen voluntarily halted trading. The investor sentiment turned fragile and there were growing concerns on the high market valuation and the excessive margin level. Investors have also become cautious given the uncertain outlook for the PRC economy. Thanks to the numerous supportive government policies on stock market, the market has become less volatile. However, the market is still affected by the uncertainty arising from the interest rate movement. The Federal Reserve Board of the United States regularly assessed the economic situation to determine the timing and magnitude of the interest rate hike in the U.S. In general, the rate hike is expected to start in late 2015.

In July 2015, the high degree of market volatility affected all investors and we suffered from losses for the sales of certain listed shares. The interim unrealised fair value gain recorded for such listed shares also ceased to exist. In addition, certain unrealized fair value losses arose from subsequent measurement of financial assets at fair value through profit or loss at the end of July 2015.

On 11 August 2015, China changed the way for the daily-fixing-rate determination of the renminbi (RMB) against the U.S. dollar to increase its currency flexibility. The global stock markets were then adversely affected by the devaluation of the currency of RMB and the continual decline in oil prices. The market sentiment turned bearish and the Hang Seng Index also once dropped to the low-level of about 21,300 points.

In view of the market opportunities and uncertainties, the Company has pursued a combination of equities and fixed income securities strategies to ensure that we can enjoy the upside of the market and can deal with the risks proactively. In particular, equities and bonds are often considered to be negatively correlated and a combination of them can generally reduce the overall risk. We have also taken a cautious approach towards the possible investments in unlisted companies because the liquidity of this kind of unlisted investments is generally low, albeit their internal rates of return can be high. We will further enhance the corporate image and promote ourselves by making investment in a company yacht and, should the hire purchase finance be obtained, the net cash outflow thereof could be significantly reduced. We will also continue to strengthen the investment operations. These can increase the funding-raising and deal-sourcing ability of the Company.

During the period, our investment portfolio was increased to a level of about HK\$236.5 million which can illustrate the achievement of the Group since the change in management board last year. As at 30 June 2015, the portfolio mainly comprised investments in listed equity and debt securities. We will increase the investment in unlisted companies upon completion of the relevant due diligence review on such potential investments and should such potential investments materialize. This can further diversify the portfolio by major asset classes.

The Company continues to adopt the buy-and-hold investment strategy to enjoy the stable return from holding investments over a long time horizon and band trading strategy to realise profit when there are available market opportunities. The new investment manager, Success Talent Investments Limited, has provided the investment management service since June 2015, including a regular technical review of the investment portfolio.

Currently, the Company plans to make further investment in the existing LED lighting unlisted company, which it already owns 10% equity interest. The Company is also considering an investment in an unlisted company, engaging in sales agency of lottery tickets in the PRC. Further details of the possible investment in the lottery agent were set out in the announcement dated 3 July 2015. The Company will diligently and carefully evaluate investment opportunities in various major asset classes, such as investment in listed equity securities, listed debt securities and unlisted equity securities in start-up companies and make investments that can provide good returns to the shareholders.

In order to enhance working capital position and to prepare for any potential investment opportunities to be identified, in August 2015, the Company issued 52,662,000 ordinary shares at a price of HK\$0.51 each, by way of share placement. The net proceeds were about HK\$26.1 million.

Going forward, the Company will also identify and consider potential investment opportunities in internet finance and the investment sector. Premier Li Keqiang has recently promoted the “internet plus” strategy and encouraged the public to do business and shop online. However, the People’s Bank of China has recently proposed the limiting of daily and annual online third-party payment, which may affect the entire business-to-consumer system in China. On the whole, the internet finance sector (including online peer-to-peer lending, crowdfunding, internet banking and insurance) can be a major source of investment opportunities. Currently, the Company has established a new subsidiary for the potential investment opportunities to be identified in this sector. With this focus on the new and promising industry sector, the Company strives to enhance long term returns at a level of risk suitable to the Company and its shareholders.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial resources and liquidity**

As at 30 June 2015, the cash and bank balances amounted to approximately HK\$7 million (as at 31 December 2014: HK\$116.8 million). The net current assets for the six month ended 30 June 2015 was approximately HK\$195.9 million (31 December 2014: HK\$220.5 million)

For the six months ended 30 June 2015, there was a mortgage loan of which the Company's office premise was pledged and the outstanding loan principal amounted to approximately HK\$4.7 million (31 December 2014: Nil). As at 30 June 2015, the capital commitment of the Group amounted to approximately HK\$1.58 million regarding the acquisition of fixed assets (31 December 2014: HK\$0.78 million).

### **Capital structure**

In March 2015, the existing ordinary shares were consolidated and every ten existing ordinary shares of HK\$0.01 each in the issued and unissued share capital of the Company were combined into one consolidated ordinary share of HK\$0.10. The number of shares was 263,327,250 of HK\$0.10 each in issue and the authorised share capital of the Company were HK\$200,000,000 divided into 20,000,000,000 shares of HK\$0.10 each.

In August 2015, the Company issued 52,662,000 ordinary shares at a price of HK\$0.51 each, by way of share placement. The net proceeds of about HK\$26.1 million will be used for general working capital of the Group and potential investments to be identified.

As at the date of this results announcement, the Company's total number of issued shares was 315,989,250 (31 December 2014: 2,633,272,500 shares).

### **Property, plant and equipment (PPE) and deposit for PPE**

As at 30 June 2015, the carrying value of the property, plant and equipment was approximately HK\$18.26 million (31 December 2014: HK\$17.98 million). The deposit for PPE represented the instalment payments for a company yacht and hire purchase finance will be arranged upon its delivery.

### **Pledge of the company's assets**

As at 30 June 2015, the office premise was pledged for an outstanding loan of approximately HK\$4.7 million. The value of this property was approximately HK\$12.77 million (31 December 2014: HK\$13.04 million).

### **Material acquisition and disposal**

During the period, there were no significant acquisitions or disposals of principal subsidiaries.

## **Exposure to foreign exchange**

The majority of the Group's investment are denominated in Hong Kong dollars (for certain investment in Hong Kong equity as well as cash with bank), and there were investments in RMB bonds in the amount of about RMB19 million. The Board considers the exposure to foreign exchange fluctuation of the Group was not significant.

## **Human resources**

As at 30 June 2015, there were 28 employees who mainly worked in Hong Kong (2014: 22). Staff costs (including directors' remuneration paid) for the period amounted to approximately HK\$7.67 million (2014: approximately HK\$6.45 million). The remuneration packages for the employees and the directors were considered to be in line with the prevailing market practices and were determined on the basis of performance and experience of each individual.

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining and implementing high standards of corporate governance. The Board believes that sound corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders' interests.

The Company has followed the Corporate Governance Code (the "CG Code") issued by the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and formulated its own policies and procedures on corporate governance. During the six months period ended 30 June 2015, the Company has complied with all of the provisions under the CG Code except for the following:

### **Code A.4.1**

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

### **Code A.7.1**

The code provision A.7.1 requires an agenda and accompanying board papers should be sent, in full, to all directors for regular board meetings and as far as practicable in all other cases. These papers should be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period). Due to the practical reasons, an agenda and accompanying board paper have not been sent, in full, 3 days in advance to certain meetings of the Board or Board Committees.

The Board will use its best endeavours to send the agenda and accompanying board paper, in full to the Board or Board Committees at least 3 days in advance to the extent practicable.

## **AUDIT COMMITTEE**

During the period under review, the Audit Committee currently comprises three independent non-executive Directors, namely Mr. Tam Yuk Sang, Sammy, Dr. Ng Chi Yeung, Simon and Ms. Florence Ng. Mr. Tam Yuk Sang, Sammy is the chairman of the Audit Committee.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters including a review and approval of the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2015.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions (the "Model Code"). The directors of the Company have confirmed that they have fully complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2015.

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **PUBLICATION ON THE STOCK EXCHANGE'S WEBSITE**

The results announcement will be published on the Stock Exchange's website (<http://www.hkex.com.hk>). The 2015 Interim Report will be dispatched to the shareholders and will be made available on the website of Stock Exchange in due course.

By Order of the Board  
**Opes Asia Development Limited**  
**Lam Man Chan**  
*Chairman*

Hong Kong, 24 August 2015

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