



OPES ASIA DEVELOPMENT LIMITED

華保亞洲發展有限公司*

(Continued into Bermuda with limited liability)

(Stock Code: 810)

ANNOUNCEMENT INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

INTERIM RESULTS

The Board of Directors (the “Board”) of Opes Asia Development Limited (the “Company”) announces the unaudited interim results of the Company for the six months ended 30 June 2008, with comparative figures for the corresponding periods in 2007. 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 2008

		(Unaudited)	
		Six months ended 30 June	
		2008	2007
	Note	HK\$	HK\$
Turnover	4	700,000	7,122,209
Cost of equity securities disposed of		(560,000)	(5,050,931)
Unrealised fair value (losses)/gains on financial assets at fair value through profit or loss		(14,162,493)	33,378,475
Gross (loss)/profit		(14,022,493)	35,449,753
Other income	4	23,784	291,898
Administrative expenses		(2,959,180)	(3,305,002)
Other operating expenses		(600,467)	(631,155)
(Loss)/Profit before income tax	5	(17,558,356)	31,805,494
Income tax expense	6	-	(246,976)
(Loss)/Profit for the period		(17,558,356)	31,558,518
Attributable to:			
Equity holders of the Company		(17,558,356)	31,558,518
(Loss)/Earnings per share for (loss)/profit attributable to the equity holders of the Company during the period			
– basic	7	(0.0129)	0.5456
– diluted		(0.0129)	N/A

* For identification purpose only

CONDENSED BALANCE SHEET

As at 30 June 2008

	<i>Note</i>	(Unaudited) 30 June 2008 HK\$	(Audited) 31 December 2007 HK\$
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss		22,125,000	25,370,000
Available-for-sale financial assets		24,720,000	12,720,000
		<u>46,845,000</u>	<u>38,090,000</u>
Current assets			
Financial assets at fair value through profit or loss		22,281,628	29,644,980
Deposits for acquisition of investments		3,000,000	15,000,000
Other receivable, prepayments and deposits		430,724	485,394
Bank balances and cash		3,903,090	10,619,059
		<u>29,615,442</u>	<u>55,749,433</u>
Total assets		<u>76,460,442</u>	<u>93,839,433</u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		1,359,600	1,359,600
Reserves		75,020,873	91,877,989
Total equity		<u>76,380,473</u>	<u>93,237,589</u>
LIABILITIES			
Current liabilities			
Other payables and accrued charges		79,969	601,844
Total liabilities		<u>79,969</u>	<u>601,844</u>
Total equity and liabilities		<u>76,460,442</u>	<u>93,839,433</u>
Net current assets		<u>29,535,473</u>	<u>55,147,589</u>
Total assets less current liabilities		<u>76,380,473</u>	<u>93,237,589</u>
Net asset value per share	8	<u>0.0562</u>	<u>0.0686</u>

1. BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). It was authorised for issuance on 17 September 2008.

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which term collectively includes HKASs and Interpretations) that are effective or available for early adoption for accounting periods beginning on or after 1 January 2008. The Board has determined the accounting policies to be adopted in the preparation of the Company’s annual financial statements for the year ending 31 December 2008, on the basis of HKFRSs currently in issue.

- (i) Standards, amendment and interpretations effective for accounting periods beginning on or after 1 March 2007 which are relevant to the Company’s operations
 - HK(IFRIC)-Int 11 – HKFRS 2 – Group and Treasury Share Transactions
- (ii) Standards, amendments and interpretations effective for accounting periods beginning on or after 1 January 2008 but not relevant to the Company’s operations
 - HK(IFRIC)-Int 12 – Service Concession Arrangements; and
 - HK(IFRIC)-Int 14 – HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2008 may be affected by the issue of additional interpretations or other changes announced by the HKICPA subsequent to the date of issuance of this interim report. Therefore the policies that will be applied in the Company’s financial statements for that period cannot be determined with certainty at the date of issuance of the interim financial report.

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

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

- HKAS 1 (Revised) – Presentation of Financial Statements¹
- HKAS 23 (Revised) – Borrowing Costs¹
- HKAS 27 (Revised) – Consolidated and Separate Financial Statements²
- HKAS 32 & 1 (Amendments) – Puttable Financial Instruments and Obligations Arising on Liquidation¹
- HKFRS 2 (Amendment) – Share-based Payment – Vesting Conditions and Cancellations¹
- HKFRS 3 (Revised) – Business Combinations²
- HKFRS 8 – Operating Segments¹
- HK(IFRIC)-Int 13 – Customer Loyalty Programmes³
- HK(IFRIC)-Int 15 – Agreements for the Construction of Real Estate¹
- HK(IFRIC)-Int 16 – Hedges of a Net Investment in a Foreign Operation⁴

- ¹ Effective for annual periods beginning on or after 1 January 2009.
² Effective for annual periods beginning on or after 1 July 2009.
³ Effective for annual periods beginning on or after 1 July 2008.
⁴ Effective for annual periods beginning on or after 1 October 2008.

3. SEGMENT INFORMATION

The Company is principally engaged in investment in listed and unlisted companies in the People's Republic of China, Hong Kong and Australia during the period. Accordingly, no business segment information is presented.

The Company also engaged in 3 geographical areas, even though the Company is operating in Hong Kong.

All revenues are generated from Hong Kong, therefore no geographical segment information is presented thereon.

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:

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	HK\$	HK\$
Turnover:		
Sales of financial assets at fair value through profit or loss	700,000	7,122,209
	<hr/>	<hr/>
Other income:		
Bank interest income	23,784	235,607
Dividend income	–	56,291
	<hr/>	<hr/>
	23,784	291,898
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5. (LOSS)/PROFIT BEFORE INCOME TAX

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	HK\$	HK\$
(Loss)/Profit before income tax is arrived at:		
After charging the following items:		
Share option granted to consultants	498,643	–
Operating lease payment in respect of rental premises	369,086	285,706
	<hr/>	<hr/>
Staff costs, including directors' emoluments		
Wages and salaries	1,343,240	1,348,834
Share option granted	202,575	–
Retirement benefits scheme contributions	28,750	50,877
	<hr/>	<hr/>
	1,574,565	1,399,711
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6. INCOME TAX EXPENSE

No Hong Kong profits tax is provided as there is no estimated assessable profit for the period (2007: provided at the rate of 17.5%).

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	HK\$	HK\$
Hong Kong profits tax	–	246,976

The taxation on the (loss)/ profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	HK\$	HK\$
(Loss)/Profit before income tax	(17,558,356)	31,805,494
Tax calculated at a tax rate of 16.5% (2007: 17.5%)	(2,897,129)	5,565,961
Tax effect on non-taxable income	(3,924)	(5,337,244)
Tax effect on non-deductible expenses	1,020,237	18,259
Tax losses for which no deferred income tax assets was recognized	1,880,816	–
	–	246,976

In 2008, the government enacted a change in the profits tax rate from 17.5% to 16.5% for the fiscal year 2008/2009.

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.

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	HK\$	HK\$
(Loss)/Profit attributable to equity holders of the Company	(17,558,356)	31,558,518
Weighted average number of ordinary shares in issue	1,359,600,000	57,839,337
Basic (loss)/earnings per share	(0.0129)	0.5456

(b) Diluted

The calculation of diluted earnings per share for the period is based on the Company's loss attributable to equity holders of the Company for the period of approximately HK\$17,558,356 (2007: profit of HK\$31,558,518) and the weighted average number of 1,361,453,928 (2007: 57,839,337).

8. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of HK\$76,380,473 (31 December 2007: HK\$93,237,589) and 1,359,600,000 (31 December 2007: 1,359,600,000) ordinary shares in issue as at 30 June 2008.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2008 (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Company recorded a net loss of HK\$17,558,356 for the six months ended 30 June 2008 (2007: Net profit after income tax of HK\$31,558,518), representing a decrease of 155.6% over the same period in 2007. This is mainly due to unrealised fair value losses from the Company's listed investments.

As at 30 June 2008, the Company's net asset value ("NAV") per share was HK\$0.0562 (31 December 2007: HK\$0.0686), drop 18.08% compared to that as at 31 December 2007. At the end of the period under review, the Company's share price was HK\$0.155 (31 December 2007: HK\$0.202), reflecting a 175.80% (31 December 2007: 194.46%) premium to NAV per share.

Investment Review

During the six month period, the Company continued to maintain a well balanced portfolio with listed and unlisted investments. The portfolio as at 30 June 2008 remained largely unchanged from that disclosed in the Company's 2007 annual report with the exception of several transactions as the Company took advantage of the rising securities prices when the investments reached their pre-set target price.

During the first six months of the year, the global market suffered a tremendous decline. Together with the unprecedented energy prices and the shadow of the credit crisis and the impact of the subprime problem, the Company, positively outperforming most of the major indices, did suffer from the overall market performance. With the predesigned risk reverse model, the Company has successfully entered into various prudent direct investment projects which has safe-harbored the Company from most of current market risk exposure.

OUTLOOK AND PROSPECTS

With the results of the first half of the fiscal year of 2008, the Company will continue to maintain a well balanced portfolio, and seek investment opportunities in various sectors. Given the changing market dynamic, it is the Company's belief that the market will remain the same for the very third quarter, and more positive breakouts will enter the market in the fourth quarter. The Company would continue on the outlook for listed and unlisted investment opportunities in the high growth area that could offer attractive returns in the Great China area under the same investment criteria adopted at the end of 2007. The Company remains confident of its investment philosophy and comfortable with its investment choices. Going forward, the Company remains prudent in its investment selection process and will continue to identify promising projects to invest in.

LIQUIDITY AND FINANCIAL RESOURCES

The Company continued to maintain a healthy balance sheet. As at 30 June 2008, the cash and bank balances of the Company were approximately HK\$3.9 million (31 December 2007: approximately HK\$10.6 million). The Board believed 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 2008 (31 December 2007: Nil) nor has any bank borrowing. The gearing ratio is nil (31 December 2007: Nil).

As at 30 June 2008, the Company had no material capital commitments and contingent liabilities.

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

During the six months ended 30 June 2008, the Company did not purchase, sell or redeem any of the Company's listed securities.

POST BALANCE SHEET EVENT

The Company has no significant post balance sheet events to report.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

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

During the period under review, Ms. Yin Ling resigned as an independent non-executive director as well as the Audit and Remuneration Committee member of the Company with effect from 23 April 2008 for her personal business arrangement. In order to address to the non-compliance of Rule 3.10 of the Listing Rules, the Company had used its best efforts to identify other suitable person to be an independent non-executive director and member of the Audit and Remuneration Committee of the Company. On 22 July 2008, Mr. Choi Shek Chau was appointed as an independent non-executive director as well as member of Audit and Remuneration committee of the Company to fill the casual vacancy.

The Audit Committee met and reviewed with the management the accounting principles and practices adopted by the Company, and discussed internal controls and financial reporting matters including a review of the Company's unaudited condensed financial statements for the six months ended 30 June 2008.

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. Shiu Kwok Keung, Mr. Chen Man Lung and Mr. Choi Shek Chau. During the period under review, Ms. Yin Ling resigned for her personal business arrangement and Mr. Choi Shek Chau was appointed to fill the casual vacancy. Mr. Chu Wai Lim was the chairman of the Remuneration Committee. The Remuneration Committee has adopted terms of reference which are in line with the CG Code.

NOMINATION COMMITTEE

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

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

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

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

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

By Order of the Board
Lau Shun Chi, Benjamin
Executive Director

Hong Kong, 17 September 2008

As at the date of this announcement, the executive directors of the Company are Dr. Wai Chung Fai, Mr. Lau Shun Chi, Benjamin, Mr. Chu Wai Lim and Ms. Fong Son Wa; the independent non-executive directors are Mr. Shiu Kwok Keung, Mr. Chen Man Lung and Mr. Choi Shek Chau.