



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 2007

INTERIM RESULTS

The Board of Directors (the “Board”) of Opes Asia Development Limited (the “Company”) is pleased to present the unaudited condensed interim results of the Company for the six months ended 30 June 2007 together with the comparative figures. 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 2007

		(Unaudited)	
		Six months ended 30 June	
		2007	2006
	Note	HK\$	HK\$
Turnover	3	7,122,209	43,644,977
Cost of equity securities disposed of		(5,050,931)	(25,528,705)
Unrealised fair value gains/(losses) on financial assets at fair value through profit or loss		33,378,475	(1,381,578)
Gross profit		35,449,753	16,734,694
Other income	3	291,898	503,180
Administrative expenses		(3,305,002)	(1,493,913)
Other operating expenses		(631,155)	(616,015)
Profit before income tax	5	31,805,494	15,127,946
Income tax expense	6	(246,976)	(218,000)
Profit for the period		31,558,518	14,909,946
Attributable to:			
Equity holders of the Company		31,558,518	14,909,946
Earnings per share for profit attributable to the equity holders of the Company during the period	7		
– basic		0.5456	0.1206
– diluted		N/A	N/A

CONDENSED BALANCE SHEET

As at 30 June 2007

	(Unaudited) 30 June 2007 HK\$	(Audited) 31 December 2006 HK\$
	<i>Note</i>	
ASSETS		
Non-current assets		
Financial assets at fair value through profit or loss	36,875,000	–
Available-for-sale financial asset	4,000,000	4,000,000
	<u>40,875,000</u>	<u>4,000,000</u>
Current assets		
Financial assets at fair value through profit or loss	35,861,096	44,384,892
Other receivable, prepayments and deposits	410,940	345,878
Bank balances and cash	22,411,723	8,091,531
	<u>58,683,759</u>	<u>52,822,301</u>
Total assets	<u>99,558,759</u>	<u>56,822,301</u>
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	1,236,000	12,360,000
Reserves	97,973,242	44,166,724
Total equity	<u>99,209,242</u>	<u>56,526,724</u>
LIABILITIES		
Current liabilities		
Other payables and accrued charges	83,941	276,977
Current income tax liabilities	265,576	18,600
Total liabilities	<u>349,517</u>	<u>295,577</u>
Total equity and liabilities	<u>99,558,759</u>	<u>56,822,301</u>
Net current assets	<u>58,334,242</u>	<u>52,526,724</u>
Total assets less current liabilities	<u>99,209,242</u>	<u>56,526,724</u>
Net asset value per share	8	<u>0.8027</u>
		<u>0.4573</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2007

1. Basis of preparation

The unaudited condensed interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. Principal accounting policies

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2006.

3. Turnover and other income

An analysis of revenue and other income is as follows:

	(Unaudited)	
	Six months ended 30 June	
	2007	2006
	HK\$	HK\$
Turnover:		
Sales of financial assets at fair value through profit or loss	<u>7,122,209</u>	<u>43,644,977</u>
Other income:		
Bank interest income	235,607	433,196
Dividend income	<u>56,291</u>	<u>69,984</u>
	<u>291,898</u>	<u>503,180</u>

4. Segmental information

The Company is principally engaged in investment in listed and unlisted companies in the People’s Republic of China (the “PRC”), Hong Kong and Australia during the period.

All of the activities of the Company are based in Hong Kong and most of the Company’s revenue and operating profits are derived from Hong Kong.

Accordingly, no segment information is presented.

5. Profit before income tax

	(Unaudited)	
	Six months ended 30 June	
	2007	2006
	HK\$	HK\$
Profit before income tax is arrived at:		
After crediting the following item:		
Net exchange gains	—	54,117
And after charging the following items:		
Operating lease payment in respect of rental premises	<u>285,706</u>	<u>153,935</u>
Staff costs, including directors' emoluments		
Wages and salaries	1,348,834	1,056,832
Retirement benefits scheme contributions	<u>50,877</u>	<u>22,290</u>
	<u>1,399,711</u>	<u>1,079,122</u>

6. Income tax expense

During the six months ended 30 June 2007, Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the period.

	(Unaudited)	
	Six months ended 30 June	
	2007	2006
	HK\$	HK\$
Hong Kong profits tax	<u>246,976</u>	<u>218,000</u>

The taxation on the profit before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	(Unaudited)	
	Six months ended 30 June	
	2007	2006
	HK\$	HK\$
Profit before income tax	<u>31,805,494</u>	<u>15,127,946</u>
Tax at the statutory rate of 17.5% (2006: 17.5%)	5,565,961	2,647,391
Tax effect on non-taxable income	(5,337,244)	(346,735)
Tax effect on non-deductible expenses	18,259	29,200
Tax effect of prior year's unrecognised tax losses utilised this period	—	(2,111,856)
	<u>246,976</u>	<u>218,000</u>

7. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the 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	
	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Profit attributable to equity holders of the Company	<u>31,558,518</u>	<u>14,909,946</u>
Weighted average number of ordinary shares in issue	<u>57,839,337</u>	<u>123,600,000</u>
Basic earnings per share	<u>0.5456</u>	<u>0.1206</u>

(b) Diluted

No diluted earnings per share has been presented because the Company did not have any potential ordinary shares in issue during the period.

8. Net asset value per share

The calculation of net asset value per share is based on the net assets of HK\$99,209,242 (31 December 2006: HK\$56,526,724) and the 123,600,000 (31 December 2006: 123,600,000) ordinary shares in issue as at 30 June 2007.

9. Post balance sheet event

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

10. Comparative Figures

Certain of the comparative figures in the condensed income statement have been reclassified to conform with the current period's presentation.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Company recorded a net profit after income tax of HK\$31,558,518 for the six months ended 30 June 2007 (2006: HK\$14,909,946), representing an increase of 111.66% over the same period in 2006. This is mainly attributable to fair value gains from the Company's listed investments.

As at 30 June 2007, the Company's net asset value ("NAV") per share was HK\$0.8027 (31 December 2006: HK\$0.4573), up 75.53% compared to that as at 31 December 2006. At the end of the period under review, the Company's share price was HK\$1.68 (31 December 2006: HK\$0.356), reflecting a 109.29% premium (31 December 2006: 22.15% discount) to NAV per share.

Investment Review

During the six months period, the Company continued to invest in certain listed securities in Hong Kong and Australia, some of which are designed for short to medium term investment. The Company's investment portfolio as at 30 June 2007 remained largely unchanged from that disclosed in the Company's 2006 annual report with the exception of several stock disposals as the Company took advantage of the rising market when the investments reached their pre-set target price.

The Company continued to follow its solid investment philosophy, acquiring securities that fit its portfolio objectives and disposing those that may have reached their respective target prices. During the first six months of the year, the Company realized handsome gains from the disposal of certain listed investments. As at 30 June 2007, the Company continued to hold solid investment portfolio with exposure in high growth areas.

OUTLOOK AND PROSPECTS

The favorable results for the first half of the fiscal year 2007, which have outpaced the overall growth of the Hong Kong economy, are only the beginning of what looks to be a fantastic year. In the second half of the year, the Company may experiment with different investment composition given the changing market dynamics. Despite that, the Company is always on the lookout for listed and unlisted investments in high growth areas that could offer attractive return. Furthermore, the Company would continue to seek direct investment opportunities in the Greater China region under the same investment criteria adopted at the end of the fiscal year 2006. 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 2007, the cash and bank balances of the Company were approximately HK\$22.4 million (31 December 2006: approximately HK\$8.1 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 2007 (31 December 2006: Nil) nor has any bank borrowing. The gearing ratio is nil (31 December 2006: Nil).

As at 30 June 2007, 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 2007, the Company did not purchase, sell or redeem any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

The Audit Committee of the Company comprises Ms. Yin Ling, Mr. Chen Man Lung and Mr. Shiu Kwok Keung 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 consolidated financial statements for the six months ended 30 June 2007.

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. Li Ji Ning, Mr. Chen Man Lung, Mr. Shiu Kwok Keung and Ms. Yin Ling. Mr. Li Ji Ning is 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.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The electronic version of this announcement is published on the website of the Stock Exchange at www.hkex.com.hk under "Latest Listed Companies Information" and on the website of Opes Asia Development Limited at www.irasia.com/listco/hk/opesasia/index.htm under "Announcements & Notices". An interim report for the six months ended 30 June 2007 containing all the applicable information required under Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the website of the Stock Exchange in due course.

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

Hong Kong, 19 September 2007

As at the date of this announcement, the executive directors of the Company are Mr. Li Ji Ning, Mr. Chu Wai Lim and Mr. Lau Shun Chi, Benjamin; the independent non-executive directors are Ms. Yin Ling, Mr. Shiu Kwok Keung and Mr. Chen Man Lung.

* *For identification purpose only*