



# OPES ASIA DEVELOPMENT LIMITED

華保亞洲發展有限公司\*

(Formerly known as China Treasure (Greater China) Investments Limited)

(Continued into Bermuda with limited liability)

(Stock Code: 810)

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

### RESULTS

The Board of Directors (the “Board”) of Opes Asia Development Limited (the “Company”) is pleased to announce the audited results of the Company for the year ended 31 December 2007 as follows:

### INCOME STATEMENT

For the year ended 31 December 2007

	Note	2007 HK\$	2006 HK\$
Turnover	4	16,144,227	47,416,257
Cost of equity securities disposal of		(9,900,744)	(29,363,130)
Unrealised fair value gains/(losses) on financial assets at fair value through profit or loss		14,741,101	(534,170)
<b>Gross profit</b>		<b>20,984,584</b>	17,518,957
Other income	5	893,697	889,602
Other operating loss		–	(825)
Administrative expenses		(5,387,567)	(4,287,263)
Other operating expenses		(1,492,492)	(4,094,794)
<b>Profit before income tax</b>		<b>14,998,222</b>	10,025,677
Income tax expense	6	–	(18,600)
<b>Profit for the year</b>		<b>14,998,222</b>	<b>10,007,077</b>
<b>Attributable to:</b>			
Equity holders of the Company	7	<b>14,998,222</b>	<b>10,007,077</b>
<b>Earnings per share for profit attributable to the equity holders of the Company during the year</b>			
– basic	8	<b>HK cents 1.86</b>	<b>HK cents 8.10</b>
– diluted	8	<b>N/A</b>	<b>N/A</b>

\* For identification purpose only

**BALANCE SHEET***As at 31 December 2007*

	2007 HK\$	2006 HK\$
<b>ASSETS</b>		
<b>Non-current assets</b>		
Financial assets at fair value through profit or loss	25,370,000	–
Available-for-sale financial assets	12,720,000	4,000,000
	<u>38,090,000</u>	<u>4,000,000</u>
<b>Current assets</b>		
Financial assets at fair value through profit or loss	29,644,980	44,384,892
Deposits for acquisition of investments	15,000,000	–
Other receivable, prepayments and deposits	485,394	345,878
Bank balances and cash	10,619,059	8,091,531
	<u>55,749,433</u>	<u>52,822,301</u>
<b>Total assets</b>	<u><u>93,839,433</u></u>	<u><u>56,822,301</u></u>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the Company's equity holders</b>		
Share capital	1,359,600	12,360,000
Share premium	20,476,643	86,489,636
Contributed surplus	61,305,993	–
Retained earnings/(Accumulated losses)	10,095,353	(42,322,912)
<b>Total equity</b>	<u>93,237,589</u>	<u>56,526,724</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Other payables and accrued charges	601,844	276,977
Current income tax liabilities	–	18,600
<b>Total liabilities</b>	<u>601,844</u>	<u>295,577</u>
<b>Total equity and liabilities</b>	<u><u>93,839,433</u></u>	<u><u>56,822,301</u></u>
<b>Net current assets</b>	<u><u>55,147,589</u></u>	<u><u>52,526,724</u></u>
<b>Total assets less current liabilities</b>	<u><u>93,237,589</u></u>	<u><u>56,526,724</u></u>

*Notes:*

**1. BASIS OF PREPARATION**

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants and include applicable disclosure requirement of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the “Listing Rules”). The financial statements have been prepared under the historical cost convention, as modified by the available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss.

**2. ADOPTION OF NEW OR REVISED HKFRS**

In 2007, the Company adopted, for the first time, the following new standard, amendment and interpretation (“new HKFRSs”), which are relevant to its operation:

- HKFRS 7, “Financial Instruments: Disclosures”, and the complementary amendment to HKAS 1, “Presentation of financial statements – Capital Disclosures”;
- HK(IFRIC) – Int 8, “Scope of HKFRS 2”; and
- HK(IFRIC) – Int 10, “Interim Financial Reporting and Impairment”.

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company’s accounting periods beginning on or after 1 January 2008 or later periods, but the Company has not early adopted them:

HKAS 1 (Revised)	–	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	–	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	–	Consolidated and Separate Financial Statements <sup>2</sup>
HKFRS 2 (Amendment)	–	Share-based Payment – Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	–	Business Combination <sup>2</sup>
HKFRS 8	–	Operating Segments <sup>1</sup>
HK(IFRIC)-Int 11	–	HKFRS 2 – Group and Treasury Share Transactions <sup>3</sup>
HK(IFRIC)-Int 12	–	Service Concession Arrangements <sup>4</sup>
HK(IFRIC)-Int 13	–	Customer Loyalty Programmes <sup>5</sup>
HK(IFRIC)-Int 14	–	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>3</sup> Effective for annual periods beginning on or after 1 March 2007

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2008

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2008

The directors of the Company anticipate that the adoption of these standards or interpretations will have no material impact on the results and financial position of the Company.

### 3. SEGMENT INFORMATION

The Company is principally engaged in investing in listed and unlisted companies in the People's Republic of China ("PRC"), Hong Kong, Australia and the United States during the year.

All of the activities of the Company are based in Hong Kong and all of the Company's revenue and operating profit are derived from Hong Kong.

Accordingly, no segment information has been presented.

### 4. TURNOVER

The Company is engaged in investment in equity securities. Revenues recognised during the year are as follows:

	<b>2007</b> <i>HK\$</i>	2006 <i>HK\$</i>
Sales of equity securities	<u><b>16,144,227</b></u>	<u>47,416,257</u>

### 5. OTHER INCOME

	<b>2007</b> <i>HK\$</i>	2006 <i>HK\$</i>
Bank interest income	<b>629,214</b>	819,618
Sundry income	<b>208,192</b>	–
Dividend income	<u><b>56,291</b></u>	<u>69,984</u>
	<u><b>893,697</b></u>	<u>889,602</u>

### 6. INCOME TAX EXPENSE

No Hong Kong profits tax is provided as there is no estimated assessable profit for the year. (2006: provided at the rate of 17.5%)

	<b>2007</b> <i>HK\$</i>	2006 <i>HK\$</i>
Hong Kong profits tax	<u><b>–</b></u>	<u>18,600</u>

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

	<b>2007</b> <b>HK\$</b>	2006 <b>HK\$</b>
Profit before tax	<u>14,998,222</u>	<u>10,025,677</u>
Tax calculated at a tax rate of 17.5% (2006: 17.5%)	<b>2,624,688</b>	1,754,493
Income not subject to tax	<b>(3,569,362)</b>	(187,302)
Expenses not deductible for tax purposes	<b>659,169</b>	563,264
Utilisation of previously unrecognised tax losses	–	(2,111,855)
Tax losses for which no deferred income tax asset was recognised	<u><b>285,505</b></u>	<u>–</u>
	<u>–</u>	<u>18,600</u>

## 7. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK\$14,998,222 (2006: HK\$10,007,077).

## 8. 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 year.

	<b>2007</b> <b>HK\$</b>	2006 <b>HK\$</b>
Profit attributable to equity holders of the Company	<u><b>14,998,222</b></u>	<u>10,007,077</u>
Weighted average number of ordinary shares in issue	<u><b>807,484,612</b></u>	<u>123,600,000</u>
Basic earnings per share	<u><b>HK cents 1.86</b></u>	<u>HK cents 8.10</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 year.

## **BUSINESS REVIEW AND PROSPECTS**

### **Financial Review**

#### *Liquidity, Financial Resources and Capital Structure*

The Company's bank balances and cash amounted to HK\$10.62 million at 31 December 2007. It is the Company's policy to secure adequate funding to match with cash flows required for working capital and investing activities.

There were no capital commitments as at 31 December 2007, which would require a substantial use of the Company's present cash resources or external funding.

The Company's gearing ratio as at 31 December 2007 was nil, as there was no long term borrowing of the Company at the year end.

The Company adopts a conservative policy in financial risk management with minimal exposure to interest rate and currency risks. The Company's principal operations are primarily conducted and recorded in Hong Kong dollars so that the exposure to foreign exchange fluctuations is minimal.

### **Investment Review**

Despite a period of significant volatility, 2007 turned out to be a rewarding year for our investors. Shifting our focus from alternative energy to organic farming and the emerging leasing sectors in the PRC, the Company has reported a profit attributed to shareholders of approximately HK\$15.00 million as compared to approximately HK\$10.01 million for the year of 2006, which again proven a significant turn around situation for the company.

With the record earnings in hand, the Company has also adjusted its risk profile and further increased the transparency of its direct investments. This is a proactive strategy of the Company in response to the global economic trend in order to reflect to its shareholders the real value of the Company. We have re-evaluated our direct investments, e.g. the holdings in Dyxnet Holdings Limited. In spite of its positive current earnings, the nature of the industry has suffered an economic downturn demonstrated in the second half of 2007. In order to fully reflect its true value without misleading the shareholders, we have lowered its value by HK\$3.28 million. We also foresee a longer period to actually enter into a rational profit region ascribed to the unforeseeable new PRC telecom ordinances and regulations in the industry. The Company will continuously focus on a well balanced portfolio with listed issue and increase its transparency to the general public.

In encountering the coming uncertainty and the potential recession in the major economic sectors ascribed to the United States subprime mortgage crisis, during the year, the Company was well prepared to face the challenge by increasing its stake in the direct investment of the abovementioned more promising emerging sectors.

Details of the mix of our portfolio of the invested assets of the Company as at 31 December 2007 are set out in note 19 to the financial statements.

## **Prospects**

The financial turbulence that emerged in summer 2007 has demonstrated how sudden and pervasive adjustments in financial markets can be. But capital flows to developing countries have helped to soften effects of the market disruptions. Emerging markets have rebounded and are out-pacing gains in mature markets.

Developing economies grew 7.4 percent in 2007 – while world growth eased to 3.6 percent. Global growth is expected to slow further in 2008, as the effective cost of capital remains elevated for financial institutions, firms, and households, but an upturn is projected in 2009.

On the financial side of the economy, the projections assume that losses on holdings of asset-backed securities are widely distributed and that interventions by the US Federal Reserve, the European Central Bank, and other institutions restore calm to financial markets. However, the effective cost of capital is likely to increase further, reflected in tightened credit criteria for firms as well as households in the major markets, e.g. USA. Elsewhere, however, tightening is expected to be more moderate.

Under such conditions, domestic demand has to be the key driving force for many economies. The pickup in regional growth was all the more notable because it occurred despite a slowdown in the U.S. economy. The Company will once again take a cautious and prudent approach in managing the Company's investment portfolio and develop the investment strategies targeting the new horizon of emerging sectors and further harbor ourselves from any foreseeable risk for our investors.

The Company is open-minded and will continue to look for investment opportunities which offer outstanding returns and within the acceptable risk profile of the Company.

2008 will be a year of challenges and opportunities. With the joint efforts of the Board, management and staffs, we are confident that we will continue to achieve substantial gains for our shareholders.

## **STAFF COSTS**

The Company's total staff costs (including directors' emoluments) for the year under review amounted to HK\$2,918,180 (2006: HK\$2,461,587).

## **DIVIDEND**

The Board does not recommend the payment of a dividend for the year ended 31 December 2007 (2006: Nil).

## **PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY**

The Company has not purchased, sold or redeemed any shares during the year.

## **CORPORATE GOVERNANCE**

The Board has reviewed the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and has adopted the same as the Company's own code of corporate governance practices. During the financial year ended 31 December 2007, the Company has complied with all of the provisions under the CG Code.

The Board appointed Mr. Lau Shun Chi, Benjamin as the Chief Executive Officer of the Company starting October 2006. On 29 November 2007, Mr. Li Ji Ning due to personal reasons resigned as the Chairman. The Board appointed Dr. Wai Chung Fai as the Chairman of the Company starting from 1 December 2007.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) contained in Appendix 10 of the Listing Rules as the codes of conduct regarding securities transactions by Directors.

On specific enquires made, all Directors have confirmed that, in respect of the year ended 31 December 2007, they have complied with the required standard as set out in the Model Code.

#### **AUDIT COMMITTEE**

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Company and discussed auditing, internal controls and financial reporting matters including a review of the annual financial statements for the year ended 31 December, 2007 (“Annual Report”).

#### **REVIEW OF FINANCIAL STATEMENTS**

The Company’s financial statements for the year ended 31 December 2007 have been reviewed by the Audit Committee of the Company. The figures in respect of the Preliminary Announcement of the Company’s results for the year ended 31 December 2007 have been agreed by the Company’s auditors, Lau & Au Yeung C.P.A. Limited, to the amounts set out in the Company’s audited financial statements for the year. The work performed by Lau & Au Yeung C.P.A. Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Lau & Au Yeung C.P.A. Limited on the Preliminary Announcement.

#### **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 2007 Annual Report will be dispatched to the shareholders and will be made available on the website of Stock Exchange in due course.

On behalf of the Board  
**Opes Asia Development Limited**  
**Lau Shun Chi, Benjamin**  
*Executive Director*

Hong Kong, 17 April 2008

*As at the date of this announcement, the Board of the Company comprises four executive directors, namely Dr. Wai Chung Fai, Mr. Lau Shun Chi, Benjamin, Mr. Chu Wai Lim and Ms. Fong Son Wa and three independent non-executive directors, namely Ms. Yin Ling, Mr. Shiu Kwok Keung and Mr. Chen Man Lung.*