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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 ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**RESULTS**

The Board of Directors (the "Board") of Opes Asia Development Limited (the "Company") announces the audited results of the Company for the year ended 31 December 2008 as follows:

**INCOME STATEMENT**

For the year ended 31 December 2008

	Note	2008 HK\$	2007 HK\$
<b>Turnover</b>	4	<b>6,354,340</b>	16,144,227
Cost of equity securities disposed of		<b>(1,629,200)</b>	(9,900,744)
Unrealised fair value (losses)/gains on financial assets at fair value through profit or loss		<b>(40,081,422)</b>	14,741,101
Gross (loss)/profit		<b>(35,356,282)</b>	20,984,584
Other income	5	<b>26,685</b>	893,697
Administrative expenses		<b>(5,522,222)</b>	(5,387,567)
Other operating expenses		<b>(4,167,372)</b>	(1,492,492)
<b>(Loss)/profit before income tax</b>		<b>(45,019,191)</b>	14,998,222
Income tax	6	<b>18,600</b>	–
<b>(Loss)/profit for the year</b>		<b>(45,000,591)</b>	14,998,222
<b>Attributable to:</b>			
Equity holders of the Company	7	<b>(45,000,591)</b>	14,998,222
<b>(Loss)/Earnings per share for (loss)/profit attributable to the equity holders of the Company during the year</b>	8		
– basic		<b>HK cents (3.31)</b>	HK cents 1.86
– diluted		<b>HK cents (3.31)</b>	N/A

\* For identification purpose only

## BALANCE SHEET

As at 31 December 2008

	2008 HK\$	2007 HK\$
<b>ASSETS</b>		
<b>Non-current assets</b>		
Financial assets at fair value through profit or loss	6,490,000	25,370,000
Available-for-sale financial assets	22,200,000	12,720,000
	<u>28,690,000</u>	<u>38,090,000</u>
<b>Current assets</b>		
Financial assets at fair value through profit or loss	11,201,602	29,644,980
Deposits for acquisition of investments	3,000,000	15,000,000
Other receivables, prepayments and deposits	6,039,238	485,394
Cash and cash equivalents	1,078,712	10,619,059
	<u>21,319,552</u>	<u>55,749,433</u>
<b>Total assets</b>	<u>50,009,552</u>	<u>93,839,433</u>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the Company's equity holders</b>		
Share capital	1,359,600	1,359,600
Share premium	20,476,643	20,476,643
Contributed surplus	61,305,993	61,305,993
Share-based payment reserves	701,240	–
Available-for-sale fair value reserves	660,000	–
(Accumulated losses)/Retained earnings	(34,905,238)	10,095,353
<b>Total equity</b>	<u>49,598,238</u>	<u>93,237,589</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Other payables and accrued charges	411,314	601,844
<b>Total liabilities</b>	<u>411,314</u>	<u>601,844</u>
<b>Total equity and liabilities</b>	<u>50,009,552</u>	<u>93,839,433</u>
<b>Net current assets</b>	<u>20,908,238</u>	<u>55,147,589</u>
<b>Total assets less current liabilities</b>	<u>49,598,238</u>	<u>93,237,589</u>

Notes:

## **1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and include applicable disclosure requirements 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 revaluation of 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 the current year, the Company has adopted the following amendment and interpretation (“new HKFRSs”) issued by the HKICPA which are relevant to its operations:

- HKAS 39 & HKFRS 7 (Amendments) – Reclassification of Financial Assets
- HK(IFRIC) – Int 11 – HKFRS 2 – Group and Treasury Share Transactions

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.

HKICPA has issued a number of new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Company has not early adopted these new and revised HKFRSs.

The Directors of the Company anticipate that the adoption of these new and revised standards, amendments or interpretations will have no material impact on the results and financial position of the Company.

### 3. SEGMENT INFORMATION

#### (a) Primary reporting format – business segments

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

The business analysis of revenue, expense, segment result, segment assets and segment liabilities reflects the process through which the Company's operating activities are managed. In accordance with the Company's organizational structure and its internal financial reporting process, the Company has determined that business segments should be presented as its primary segment.

Turnover of HK\$6,354,340 (2007: HK\$16,144,227) represents income from investments in listed and unlisted companies.

The segment results for the year ended 31 December 2008 are as follows:

	Investments in listed companies HK\$	Investments in unlisted companies HK\$	Total HK\$
<b>Revenue</b>	<b>1,074,340</b>	<b>5,280,000</b>	<b>6,354,340</b>
<b>Segment results</b>	<b>(40,636,282)</b>	<b>2,100,000</b>	<b>(38,536,282)</b>
Unallocated income and expenses, net			<b>(6,482,909)</b>
<b>Loss before income tax</b>			<b>(45,019,191)</b>
Income tax refund			<b>18,600</b>
<b>Loss for the year</b>			<b>(45,000,591)</b>
<b>Segment assets</b>	<b>17,691,602</b>	<b>27,480,000</b>	<b>45,171,602</b>
Unallocated assets			<b>4,837,950</b>
Total assets			<b>50,009,552</b>
<b>Segment liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
Unallocated liabilities			<b>411,314</b>
Total liabilities			<b>411,314</b>
Impairment	<b>-</b>	<b>3,180,000</b>	<b>3,180,000</b>

The Company did not incur any capital expenditures in the business for the year ended 31 December 2008. And there is no depreciation or amortisation required for disclosure purpose.

**3. SEGMENT INFORMATION – continued**

**(a) Primary reporting format – business segments – continued**

The segment results for the year ended 31 December 2007 are as follows:

	Investments in listed companies HK\$	Investments in unlisted companies HK\$	Total HK\$
<b>Revenue</b>	16,144,227	–	16,144,227
<b>Segment results</b>	20,984,584	–	20,984,584
Unallocated income and expenses, net			(5,986,362)
<b>Profit before income tax</b>			14,998,222
Income tax			–
<b>Profit for the year</b>			14,998,222
<b>Segment assets</b>	55,014,980	12,720,000	67,734,980
Unallocated assets			26,104,453
Total assets			93,839,433
<b>Segment liabilities</b>	–	–	–
Unallocated liabilities			601,844
Total liabilities			601,844
Impairment	–	3,280,000	3,280,000

The Company did not incur any capital expenditures in the business for the year ended 31 December 2007. And there is no depreciation or amortisation required for disclosure purpose.

### 3. SEGMENT INFORMATION – continued

#### (b) Secondary reporting format – geographical segments

Geographical segments comprise the Company's secondary segment. The Company engaged in 3 geographical areas. They are in Hong Kong, the PRC and Australia.

The segment results for the year ended 31 December 2008 are as follows:

	Total assets		Revenue	
	2008	2007	2008	2007
	HK\$	HK\$	HK\$	HK\$
Hong Kong	<b>12,601,141</b>	52,935,461	<b>1,074,340</b>	16,144,227
The PRC	<b>29,100,000</b>	27,000,000	<b>5,280,000</b>	–
Australia	<b>8,308,411</b>	13,903,972	–	–
	<b>50,009,552</b>	93,839,433	<b>6,354,340</b>	16,144,227

The Company did not incur any cost to acquire segment assets that are expected to be used during more than one period (property, plant and equipment, and intangible assets) by geographical location of assets (2007: Nil).

### 4. TURNOVER

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

	2008	2007
	HK\$	HK\$
Sales of equity securities	<b>1,074,340</b>	16,144,227
Investment income	<b>5,280,000</b>	–
	<b>6,354,340</b>	16,144,227

### 5. OTHER INCOME

	2008	2007
	HK\$	HK\$
Bank interest income	<b>26,685</b>	629,214
Sundry income	–	208,192
Dividend income	–	56,291
	<b>26,685</b>	893,697

## 6. INCOME TAX

No Hong Kong profits tax is provided as there is no estimated assessable profit for the year (2007: Nil).

	<b>2008</b>	2007
	<b>HK\$</b>	HK\$
Hong Kong profits tax		
Over-provision in respect of prior years	<b>18,600</b>	–

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

	<b>2008</b>	2007
	<b>HK\$</b>	HK\$
(Loss) / Profit before tax	<b>(45,019,191)</b>	14,998,222
Tax calculated at a tax rate of 16.5% (2007: 17.5%)	<b>(7,428,166)</b>	2,624,688
Over provision in respect of prior years	<b>(18,600)</b>	–
Income not subject to tax	<b>(875,603)</b>	(3,569,362)
Expenses not deductible for tax purposes	<b>4,667,792</b>	659,169
Tax losses for which no deferred income tax asset was recognised	<b>3,635,977</b>	285,505
	<b>(18,600)</b>	–

During the year, as a result of the change in Hong Kong corporate tax rate from 17.5% to 16.5% that is effective from 1 April 2008, deferred tax balances have been remeasured.

## 7. (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK\$45,000,591 (2007: Profit of HK\$14,998,222).

## 8. (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 year.

	<b>2008</b>	2007
	<b>HK\$</b>	HK\$
(Loss)/profit attributable to equity holders of the Company	<b>(45,000,591)</b>	14,998,222
Weighted average number of ordinary shares in issue	<b>1,359,600,000</b>	807,484,612
Basic (loss)/earnings per share	<b>HK cents (3.31)</b>	HK cents 1.86

### (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 annual market share price of the Company's shares) 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. Accordingly, the fair value was less than the Exercise price, thus no adjustment need be made to the weighted average number of ordinary shares in issue.

	<b>2008</b>	2007
	<b>HK\$</b>	HK\$
(Loss)/earnings		
(Loss)/profit attributable to equity holders of the Company	<b>(45,000,591)</b>	14,998,222
Weighted average number of ordinary shares in issue	<b>1,359,600,000</b>	807,484,612
Adjustments for:		
– Share options	–	N/A
Weighted average number of ordinary shares for diluted (loss)/earnings per share	<b>1,359,600,000</b>	807,484,612
	<b>HK cents (3.31)</b>	N/A

## **BUSINESS REVIEW AND PROSPECTS**

### **Financial Review**

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

The Company's bank balances and cash amounted to HK\$1.08 million at 31 December 2008. 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 2008, which would require a substantial use of the Company's present cash resources or external funding.

The Company's gearing ratio was nil at end of 2008, 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**

#### **1. Operational Review for 2008**

The Company is principally engaged in investment in listed and unlisted equity securities. During 2008, the Company continued to identify opportunities for development, specifically adopted diversification as its long-term growth strategy and tapped into various direct investments including the promising green biotechnology, organic farming and the emerging leasing sectors in the PRC, with a view to improving the business outlook and enhancing the value of its shareholders' investments in the Company.

#### **2. Investment Results**

During the second half of 2008, the global financial crisis deteriorated and presented huge challenges to the economy. The Company recorded a loss of HK\$45,000,191 (2007: a profit of HK\$14,998,222) for the year, mainly due to the loss attributable to changes in fair value of the financial assets at fair value through profit or loss in the amount of HK\$40,081,422, and an impairment loss of an available-for-sale financial asset recognised in profit and loss, amounting to HK\$3,180,000.

Dating back as early as the second half of 2007, the Company has been exploring such areas as green biotechnology, organic farming and the emerging leasing sectors so as to re-adjust its focus of investment strategy. Notwithstanding the series of impact on the international financial markets in 2008, the Company still registered a net investment income (guaranteed return) of HK\$5,280,000 from its unlisted investments.

To reflect to its shareholders the value of the Company, we have re-evaluated our direct investments. We believe the PRC leasing market will see a healthy development. However, in light of the current credit crunch and economic uncertainties over the near term, as well as in a bid to safeguard our shareholders' interests and enhance the Company's risk management, the Company has lowered its value to HK\$8,820,000.

The Company will continue to maintain a balanced portfolio of listed and unlisted companies and increase its transparency to the investing public.

Details of the mix of our portfolio of the invested assets of the Company as at 31 December 2008 are set out in note 17 to the financial statements.

### **3. Human Resources**

As at 31 December 2008, the Company has 4 Executive Directors and 3 Independent Non-executive Directors and 2 professional employees.

Once again, we place high value on our staffs as they are our most valuable assets to grow with the Company. We encourage our staffs to be the best in their roles by providing training in diversified fields and address both personal development and work skills. We also provide workshops for staffs at different levels to build team spirit and morale. Our staffs are rewarded based on company performance as well as their performance and contribution to the Company.

### **4. Capital Adequacy and Financing**

As at 31 December 2008, the Company had cash and bank balances of approximately HK\$1.08 million. Invested assets decreased by approximately HK\$27.84 million to approximately HK\$39.89 million, which indicated a 41% decrease as compared to the previous year.

As at 31 December 2008, the Company's net assets were approximately HK\$49.60 million, a decrease of approximately 46.80% as compared to 2007.

There were no capital commitments as at 31 December 2008, which would require a substantial use of the Company's present cash resources or external funding.

During the year under review, the Company's assets, liabilities and transactions were mainly denominated in Hong Kong Dollars and Australian Dollars. Because of its short-term nature, the Company had not actively hedged risks arising from the Australian Dollars.

The Company's gearing ratio as at 31 December 2008 was nil (2007: nil) as there was no long term borrowing at the balance sheet date.

### **5. Charges on the Company's assets and contingent liabilities**

As at 31 December 2008, there were no charges on the Company's assets and the Company did not have any significant contingent liabilities.

### **6. Litigation**

The Company has no pending litigation and proceedings.

Details of the mix of our portfolio of the invested assets of the Company as at 31 December 2008 will be set out in notes to the financial statements.

## **Prospects**

In 2008, growth across the globe witnessed a significant slowdown as compared with the level seen in 2007. During the fourth quarter of 2008, investors' confidence crumbled. Developed countries experienced the worst economic contraction since World War II, synchronizing downturns across Organisation for Economic Co-operation and Development ("OECD") and emerging market economies. Stock market valuations have declined by about one half or more, as capital flows reversed seeking to find a safe haven. Liquidity squeeze becomes a global phenomenon and an on-going economic slowdown is anticipated for 2009. Given the devastating negative return offered by the financial markets, the Company's investment performance in 2008 also suffered a major setback.

In anticipation of the volatile market conditions in 2009, the Company remains prudent but keeps its options open. When it comes to future development, only with a vision can we make the right decision. As China emerges as an economic powerhouse and her consumers increasingly demand higher quality, healthier and more nutritious food, we expect a quantum leap in the development of the green biotechnology and organic farming markets. The Company believes that the only thing that can attract to shareholders and win their confidence is positive return on investments in the long run, which is in line with the primary goal we strive to achieve.

With a healthy financial base and the concerted efforts by the Board, the management and staff, we are confident of creating substantial value for our shareholders.

## **STAFF COSTS**

The Company's total staff costs (including directors' emoluments) for the year under review amounted to HK\$3,201,645 (2007: HK\$2,918,180).

## **DIVIDEND**

The Board does not recommend the payment of a dividend for the year ended 31 December 2008 (2007: Nil).

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

The Company has not purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2008.

## **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 2008, the Company has complied with all of the provisions under the CG Code.

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

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 its own 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 2008, they have complied with the required standard as set out in the Model Code.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with the 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 2008 ("Annual Report").

## **REVIEW OF FINANCIAL STATEMENTS**

The Company's financial statements for the year ended 31 December 2008 have been reviewed by the Audit Committee of the Company. The figures in respect of the Company's income statement, balance sheet and the related notes thereto for the year ended 31 December 2008 as set out in the Preliminary Announcement 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 2008 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, 20 April 2009

*As at the date of this announcement, the Board of the Company comprises five executive directors, namely Dr. Wai Chung Fai, Mr. Lau Shun Chi, Benjamin, 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.*