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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 2009

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 2009 as follows:

INCOME STATEMENT

For the year ended 31 December 2009

	Note	2009 HK\$	2008 HK\$
Turnover	4	6,071,100	6,354,340
Cost of equity securities disposed of		(285,000)	(1,629,200)
Unrealised fair value gains/(losses) on financial assets at fair value through profit or loss		11,497,623	(40,081,422)
Gross profit/(loss)		17,283,723	(35,356,282)
Other income	5	41,765	26,685
Administrative expenses		(11,207,982)	(5,522,222)
Other operating expenses		(4,556,654)	(4,167,372)
Finance costs	6	(24)	–
Profit/(loss) before income tax		1,560,828	(45,019,191)
Income tax	7	–	18,600
Profit/(loss) for the year		1,560,828	(45,000,591)
Attributable to:			
Equity holders of the Company	8	1,560,828	(45,000,591)
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the year	9		
– basic		HK cents 0.10	HK cents (3.31)
– diluted		HK cents 0.10	HK cents (3.31)

* For identification purposes only

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009 HK\$	2008 HK\$
Profit/(loss) for the year	<u>1,560,828</u>	(45,000,591)
Other comprehensive (loss)/income:		
Available-for-sale financial assets:		
Changes in fair value	<u>(660,000)</u>	660,000
Other comprehensive (loss)/income for the year, (net of tax)	<u>(660,000)</u>	660,000
Total comprehensive income/(loss) for the year	<u>900,828</u>	<u>(44,340,591)</u>
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	<u>900,828</u>	<u>(44,340,591)</u>

STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	2009 HK\$	2008 HK\$
ASSETS		
Non-current assets		
Property, plant and equipment	274,283	–
Financial assets at fair value through profit or loss	22,420,000	6,490,000
Available-for-sale financial assets	20,927,000	22,200,000
	<u>43,621,283</u>	<u>28,690,000</u>
Current assets		
Financial assets at fair value through profit or loss	10,542,224	11,201,602
Deposit for acquisition of an investment	–	3,000,000
Other receivables, prepayments and deposits	5,748,548	6,039,238
Cash and cash equivalents	25,092,571	1,078,712
	<u>41,383,343</u>	<u>21,319,552</u>
Total assets	<u>85,004,626</u>	<u>50,009,552</u>
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	1,630,200	1,359,600
Share premium	48,838,530	20,476,643
Contributed surplus	61,305,993	61,305,993
Share-based payment reserves	6,133,463	701,240
Available-for-sale fair value reserves	–	660,000
Accumulated losses	(33,344,410)	(34,905,238)
Total equity	<u>84,563,776</u>	<u>49,598,238</u>
LIABILITIES		
Current liabilities		
Other payables and accrued charges	440,850	411,314
Total liabilities	<u>440,850</u>	<u>411,314</u>
Total equity and liabilities	<u>85,004,626</u>	<u>50,009,552</u>
Net current assets	<u>40,942,493</u>	<u>20,908,238</u>
Total assets less current liabilities	<u>84,563,776</u>	<u>49,598,238</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, which are carried at fair value (if any).

2. ADOPTION OF NEW OR REVISED HKFRS

The Company has adopted the new and revised standards, interpretations and amendments to HKFRSs (collectively referred as “new and revised HKFRSs”) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2009. The impact of the application of the new and revised HKFRSs is discussed below.

HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

The principal effects of adopting these new and revised HKFRSs are as follows:

HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Company has elected to present two statements.

Amendments to HKFRS 2 Share-based Payment – Vesting Conditions and Cancellations

The HKFRS 2 Amendments clarify that vesting conditions are service conditions and performance conditions only. Any other conditions are non-vesting conditions. Where an award does not vest as a result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this is accounted for as a cancellation. As the Company has not entered into share-based payment schemes with non-vesting conditions attached, the amendments have had no impact on the financial position or result of operations of the Company.

Amendments to HKFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy.

The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 3(b) to the financial statements.

HKFRS 8 Operating Segments

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Company's financial statements into segments based on its investments. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Company's internal reporting provided to the Company's most senior executive management, and has resulted in additional reportable segments being identified and presented. These revised disclosures, including the related revised comparative information, are shown in note 5 to the financial statements.

Improvements to HKFRSs (2008)

In October 2008, the HKICPA issued its first *Improvements to HKFRSs* which sets out amendments to a number of HKFRSs. Except for the amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary* which is effective for annual periods beginning on or after 1 July 2009, the Company adopted all the amendments from 1 January 2009. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact to the Company.

3. SEGMENT INFORMATION

The Company determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

The Company has four reportable segments. The segments are managed separately as each business engaged in investment in listed and unlisted companies in Hong Kong, the People's Republic of China (the "PRC") and Australia. The following summary describes the operations in each of the Company's reportable segments.

The business of investment in listed companies mainly refers to the investments in the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Australian Securities Exchange Limited. The major sources of net income of the business are gains on disposals of investments and dividend income, if any.

The business of investment in unlisted companies mainly refers to the investments in the unlisted companies in Hong Kong and the PRC. The major sources of income of the business are dividend income from investments or guaranteed return provided by counter parties of certain unlisted investments.

Segment results represent the gross profit/(loss) for the period in each operating segment. This is the measure reported to the Company's chief operating decision maker for the purpose of resources allocation and assessment of segment performance. Segment results exclude other income such as interest income and unallocated corporate expenses such as administrative and other operating expenses.

3. SEGMENT INFORMATION – continued

Information regarding the Company's reportable segments as provided to the Company's chief operating decision maker for the purposes of allocation and assessment of segment performance for the year is set out below.

	Listed investments		Unlisted investments		Total HK\$
	Hong Kong HK\$	Australia HK\$	Hong Kong HK\$	The PRC HK\$	
For the year ended					
31 December 2009					
TURNOVER	791,100	-	-	5,280,000	6,071,100
Segment results	19,069,525	(7,064,902)	-	5,280,000	17,284,623
Impairment	-	-	(613,000)	-	(613,000)
Interest income					39,865
Interest expenses					(24)
Depreciation					(100,675)
Unallocated income					1,000
Unallocated expenses					(15,050,961)
Profit for the year					1,560,828
Segment assets	31,718,716	1,243,508	107,000	26,100,000	59,169,224
Unallocated assets					25,835,402
Total assets					85,004,626
Segment liabilities	-	-	-	-	-
Unallocated liabilities					(440,850)
Total liabilities					(440,850)
Capital expenditures	-	-	-	-	-
Unallocated capital expenditures					374,958
Total capital expenditures					374,958

3. SEGMENT INFORMATION – continued

	Listed investments		Unlisted investments		Total HK\$
	Hong Kong HK\$	Australia HK\$	Hong Kong HK\$	The PRC HK\$	
For the year ended					
31 December 2008 (Restated)					
TURNOVER	1,074,340	–	–	5,280,000	6,354,340
Segment results	(35,040,721)	(5,595,561)	–	5,280,000	(35,356,282)
Impairment	–	–	–	(3,180,000)	(3,180,000)
Interest income					26,685
Interest expenses					–
Depreciation					–
Unallocated income					–
Unallocated expenses					(6,509,594)
Loss for the year					(45,019,191)
Segment assets	9,383,191	8,308,411	1,380,000	26,100,000	45,171,602
Unallocated assets					4,837,950
Total assets					50,009,552
Segment liabilities	–	–	–	–	–
Unallocated liabilities					411,314
Total liabilities					411,314

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.

4. TURNOVER

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

	2009	2008
	HK\$	HK\$
Sales of equity securities	791,100	1,074,340
Investment income	5,280,000	5,280,000
	6,071,100	6,354,340

5. OTHER INCOME

	2009	2008
	HK\$	HK\$
Dividend income	900	–
Interest income	39,865	26,685
Sundry income	1,000	–
	41,765	26,685

6. FINANCE COSTS

	2009	2008
	HK\$	HK\$
Interest on bank overdrafts	24	–

7. INCOME TAX

No Hong Kong profits tax is provided as there is no estimated assessable profit for the year (2008: Nil). For the income tax recorded in 2008, it solely represented an over-provision of income tax for prior years.

	2009	2008
	HK\$	HK\$
Hong Kong profits tax		
Over-provision in report of prior years	–	18,600

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

	2009	2008
	HK\$	HK\$
Profit/(Loss) before tax	1,560,828	(45,019,191)
Tax calculated at a tax rate of 16.5% (2008: 16.5%)	257,537	(7,428,166)
Over provision in respect of prior years	–	(18,600)
Tax effects:		
Income not subject to tax	(3,506,376)	(875,603)
Expenses not deductible for tax purposes	2,552,507	4,667,792
Tax losses for which no deferred income tax asset was recognised	711,187	3,635,977
Unrecognised deferred tax arising from temporary difference	(14,855)	–
Tax credit	–	(18,600)

There were no tax charge or credit relating to components of other comprehensive income for the year ended 31 December 2009 and 2008.

8. PROFIT/(LOSS) 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\$1,560,828 (2008: Loss of HK\$45,000,591).

9. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2009	2008
	HK\$	HK\$
Profit/(loss) attributable to equity holders of the Company	1,560,828	(45,000,591)
Weighted average number of ordinary shares in issue	1,566,619,726	1,359,600,000
Basic earnings/(loss) per share	HK cents 0.10	HK cents (3.31)

(b) Diluted

Diluted earnings/(loss) 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.

	2009	2008
	HK\$	HK\$
Earnings/(loss)		
Profit/(loss) attributable to equity holders of the Company	1,560,828	(45,000,591)
Weighted average number of ordinary shares in issue	1,566,619,726	1,359,600,000
Adjustments for:		
– Share options	29,305,256	–
Weighted average number of ordinary shares for diluted earnings/(loss) per share	1,595,924,982	1,359,600,000
Diluted earnings/(loss) per share	HK cents 0.10	HK cents (3.31)

BUSINESS REVIEW AND PROSPECTS

Financial Review

Liquidity, Financial Resources and Capital Structure

The Company's bank balances and cash amounted to HK\$25.10 million at 31 December 2009. 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 2009 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 2009, 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

Operational Review for 2009

In 2009, several new personnel with rich experience in finance and investment joined our Company. We reformulate our investment objective and focus on green conservation related projects, as well as strengthening the existing projects. To achieve our medium and long term return target, we endeavor to green projects with a balance of profitability and sustainability as our investment fundamental, and pick up opportunities in the securities market to obtain stable return.

Investment Review

Benefiting from economic recovery in the second half of 2009, the Company's earnings for the year amounted to approximately HK\$1,560,000 (2008: a loss of HK\$45,000,000), mainly due to the gain attributable to changes in fair value of the financial assets at fair value through profit or loss of HK\$11,500,000.

Along with the improvement in economy and increased inflow of capital, the PRC's economy continued to rebound during 2009. The financial leasing industry as well as domestic market of the PRC have also experienced rapid recovery in the same year. The Company developed certain unlisted investment projects, including green biotechnology, organic farming and emerging leasing in the PRC. Such projects contributed a net investment income (guaranteed return) of HK\$5,280,000 to the Company.

Details of the mix of our portfolio of the invested assets of the Company as at 31 December 2009 to be set out in the notes to the financial statements.

Prospects

After several decades of arguments on global warming and energy conservation, fortunately, people are now gradually reaching a consensus with a common hope to contribute to our environment and our future. Opes Asia Development Limited is also committed to participating in, and becoming a part of it.

Our investment philosophy is to invest in projects which are beneficial to ecological development, economic development and social development. Some progress has been made in our investment in the green agriculture. Such investments were primarily made through the use of biotechnological techniques for soil improvement, thus increasing the arable land, speeding up the green coverage, and upgrading the quality and quantity of crops in the PRC.

In addition to environmental conservation, food safety is also an issue of public concern. Heavy use of pesticides, hormones and antibiotics has brought a warning to our daily consumption of cereals, fruits, vegetables and meat. Those techniques have also been put to tests in the feed and good results have been achieved. The livestock can be kept healthy even without relying on hormones and antibiotics in the trial. The value of livestock can also be enhanced significantly.

On the other hand, our Company is positive to the electric vehicle industry. The electric vehicle industry is still in its infancy, which means enormous business opportunities in respect of battery performance, battery management, charging speed and photo-voltaic power source. Leveraged on the investment experience of our team, we are looking for suitable investment opportunities and more strategic partnership to jointly explore this new opportunity.

FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE

As at 31 December 2009, the Company had cash and bank balances of approximately HK\$25.10 million. Invested assets increased by approximately HK\$14.00 million to approximately HK\$53.89 million, which indicated a 35% increase as compared to the previous year.

As at 31 December 2009, the Company's net assets were approximately HK\$84.56 million, an increase of approximately 70% as compared to 2008.

There were no capital commitments as at 31 December 2009, 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 2009 was nil (2008: nil) as there was no long term borrowing at the balance sheet date.

CHARGES ON THE COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2009, there were no charges on the Company's assets and the Company did not have any significant contingent liabilities.

STAFF COSTS

The Company's total staff costs (including directors' emoluments) for the year under review amounted to HK\$4,498,405 (2008: HK\$3,201,645).

DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2009 (2008: Nil).

LITIGATION

The Company has no pending litigation and proceedings.

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 2009.

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 2009, 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 2009, 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 2009 ("Annual Report").

REVIEW OF FINANCIAL STATEMENTS

The Company's financial statements for the year ended 31 December 2009 have been reviewed by the Audit Committee of the Company. The figures in respect of the Company's income statement, statement of comprehensive income, the statement of financial position and the related notes thereto for the year ended 31 December 2009 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 2009 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
Shiu Kwok Keung
Executive Director

Hong Kong, 21 April 2010

As at the date of this announcement, the Board of the Company comprises four executive directors, namely Dr. Wai Chung Fai, 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.