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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 2011 AND RESUMPTION OF TRADING

#### RESULTS

The Board of Directors (the “Board”) of Opes Asia Development Limited (the “Company”) is pleased to announce the audited results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2011 as follows:

#### CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

|   | Note | 2011<br>HK\$                  | 2010<br>HK\$               |
|---|------|-------------------------------|----------------------------|
| <b>Turnover</b>   | 4    | <b>19,686,234</b>             | 16,207,050                 |
| Cost of equity securities disposed of   |      | <b>(17,029,332)</b>           | (9,125,233)                |
| Unrealised fair value (losses)/gains on financial assets at fair value through profit or loss                 |      | <b>(20,616,567)</b>           | 11,441,436                 |
| Impairment loss on available-for-sale financial assets  |      | <b>(9,360,000)</b>            | –                          |
| <b>Gross (loss)/profit</b>  |      | <b>(27,319,665)</b>           | 18,523,253                 |
| Other income  | 5    | <b>479,638</b>                | 107,456                    |
| Administrative expenses   |      | <b>(13,133,048)</b>           | (4,985,261)                |
| Other operating expenses  |      | <b>(2,500,088)</b>            | (1,141,550)                |
| Finance costs   | 6    | <b>(18)</b>                   | (15)                       |
| <b>(Loss)/profit before income tax</b>  |      | <b>(42,473,181)</b>           | 12,503,883                 |
| Income tax  | 7    | –                             | –                          |
| <b>(Loss)/profit for the year</b>   |      | <b><u>(42,473,181)</u></b>    | <b><u>12,503,883</u></b>   |
| <b>Attributable to:</b>   |      |                               |                            |
| Equity holders of the Company   | 8    | <b><u>(42,473,181)</u></b>    | <b><u>12,503,883</u></b>   |
| <b>Earnings per share for (loss)/profit attributable to the equity holders of the Company during the year</b> | 9    |                               | Restated                   |
| – basic   |      | <b><u>HK cents (19.2)</u></b> | <b><u>HK cents 6.7</u></b> |
| – diluted   |      | <b><u>HK cents (19.2)</u></b> | <b><u>HK cents 6.7</u></b> |

\* For identification purpose only

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

|   | <b>2011</b>                | 2010                     |
|---|----------------------------|--------------------------|
|   | <b>HK\$</b>                | <b>HK\$</b>              |
| (Loss)/profit for the year                                | <u>(42,473,181)</u>        | <u>12,503,883</u>        |
| <b>Other comprehensive loss:</b>                          |                            |                          |
| Available-for-sale financial assets:                      |                            |                          |
| Changes in fair value                                     | <u>(1,725,000)</u>         | <u>–</u>                 |
| Other comprehensive loss for the year, (net of tax)       | <u>(1,725,000)</u>         | <u>–</u>                 |
| <b>Total comprehensive (loss)/income for the year</b>     | <b><u>(44,198,181)</u></b> | <b><u>12,503,883</u></b> |
| <b>Total comprehensive (loss)/income attributable to:</b> |                            |                          |
| Equity holders of the Company                             | <b><u>(44,198,181)</u></b> | <b><u>12,503,883</u></b> |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

|  | 2011<br><i>HK\$</i>       | 2010<br><i>HK\$</i>      |
|--|---------------------------|--------------------------|
| <b>ASSETS</b>  |                           |                          |
| <b>Non-current assets</b>  |                           |                          |
| Property, plant and equipment  | 1,682,134                 | 101,697                  |
| Financial assets at fair value through profit or loss                    | 16,815,000                | 17,995,000               |
| Available-for-sale financial assets                                      | 9,735,000                 | 20,820,000               |
|  | <u>28,232,134</u>         | <u>38,916,697</u>        |
| <b>Current assets</b>  |                           |                          |
| Financial assets at fair value through profit or loss                    | 49,608,810                | 30,398,457               |
| Deposits for acquisition of investments                                  | 5,000,000                 | –                        |
| Other receivables, prepayments and deposits                              | 4,888,999                 | 5,925,634                |
| Cash and cash equivalents  | 30,206,869                | 22,187,585               |
|  | <u>89,704,678</u>         | <u>58,511,676</u>        |
| <b>Total assets</b>  | <u><b>117,936,812</b></u> | <u><b>97,428,373</b></u> |
| <b>EQUITY</b>  |                           |                          |
| <b>Capital and reserves attributable to the Company's equity holders</b> |                           |                          |
| Share capital  | 2,494,200                 | 1,630,200                |
| Share premium  | –                         | 48,838,530               |
| Contributed surplus  | 124,403,873               | 61,305,993               |
| Share-based payment reserves   | 6,254,718                 | 6,133,463                |
| Available-for-sale fair value reserves                                   | –                         | –                        |
| Accumulated losses   | (18,850,009)              | (20,840,527)             |
| <b>Total equity</b>  | <u><b>114,302,782</b></u> | <u><b>97,067,659</b></u> |
| <b>LIABILITIES</b>   |                           |                          |
| <b>Current liabilities</b>   |                           |                          |
| Other payables and accrued charges                                       | 3,634,030                 | 360,714                  |
| <b>Total liabilities</b>   | <u><b>3,634,030</b></u>   | <u><b>360,714</b></u>    |
| <b>Total equity and liabilities</b>                                      | <u><b>117,936,812</b></u> | <u><b>97,428,373</b></u> |
| Net current assets   | <u><b>86,070,648</b></u>  | <u><b>58,150,962</b></u> |
| Total assets less current liabilities                                    | <u><b>114,302,782</b></u> | <u><b>97,067,659</b></u> |

Notes:

## 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKAS”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the 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”). These 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. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

During the year ended 31 December 2011, the Group had adopted the following new or revised HKAS and HKFRS, amendments and interpretation to existing HKAS and HKFRS that are relevant to its operations and effective for the accounting period beginning on 1 January 2011:

|                             |   |
|-----------------------------|---|
| HK(IFRIC)-Int 19            | Extinguishing Financial Liabilities with Equity Instruments<br>(effective from 1 July 2010) |
| Annual Improvements Project | Improvements to HKFRSs 2010   |

The adoption of such amendments and interpretation to existing standards did not have any significant effect on results or financial position of the Group for the current year.

At the date of authorisation of these financial statements, the following new or revised HKAS and HKFRS, amendments and interpretation to existing HKAS and HKFRS have been issued but are not yet effective:

|                        |   |
|------------------------|---|
| HKAS 1 (amendment)     | Presentation of Financial Statements (effective from 1 January 2013)            |
| HKAS 12 (amendment)    | Income Taxes (effective from 1 January 2012)                                    |
| HKAS 19 (2011)         | Employee Benefits (effective from 1 January 2013)                               |
| HKAS 27 (revised 2011) | Separate Financial Statements (effective from 1 January 2013)                   |
| HKAS 28 (revised 2011) | Investments in Associates and Joint Ventures<br>(effective from 1 January 2013) |
| HKFRS 7 (amendment)    | Financial Instruments: Disclosures (effective from 1 January 2012)              |
| HKFRS 9                | Financial Instruments (effective from 1 January 2015)                           |
| HKFRS 10               | Consolidated Financial Statements (effective from 1 January 2013)               |
| HKFRS 11               | Joint Arrangements (effective from 1 January 2013)                              |
| HKFRS 12               | Disclosure of Interests in Other Entities (effective from 1 January 2013)       |
| HKFRS 13               | Fair Value Measurement (effective from 1 January 2013)                          |

## **2. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS (Continued)**

The Group did not early adopt any of these new or revised HKAS and HKFRS, amendments and interpretation to existing HKAS and HKFRS. Management is currently assessing the financial impact of these revisions to the Group's financial position and performance.

## **3. SEGMENT INFORMATION**

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

The Group has six (2010: four) reportable business segments. Each business segment is managed separately and is engaged in investment in listed and unlisted companies in Hong Kong, the People's Republic of China (the "PRC"), Macau and Australia. The following summary describes the operations in each of the Group's reportable business segments.

### **Listed investments**

There are three reportable business segments under this category, namely investment in listed companies on the Stock Exchange of Hong Kong, investment in a listed company on the Shenzhen Stock Exchange and investment in a listed company on the Australian Securities Exchange Limited. The major sources of net income from these three business segments are gains on disposals of listed securities and dividend income, if any.

### **Unlisted investments**

There are three reportable business segments under this category, namely investments in unlisted companies in Hong Kong and investments in unlisted companies in the PRC and Macau. The major sources of income of these three business segments are dividend income from investments or guaranteed return provided by counterparties of the unlisted investments.

Segment results represent the (loss)/profit for the year in each business segment. This is the measure reported to the Group'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 Group's reportable business segments as provided to the Group'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<br>HK\$       |
|--|---------------------|------------------|--------------------|----------------------|--------------------|------------------|---------------------|
|  | Hong Kong<br>HK\$   | The PRC<br>HK\$  | Australia<br>HK\$  | Hong Kong<br>HK\$    | The PRC<br>HK\$    | Macau<br>HK\$    |                     |
| For the year ended<br>31 December 2011 |                     |                  |                    |                      |                    |                  |                     |
| <b>TURNOVER</b>                        | <u>17,046,234</u>   | <u>-</u>         | <u>-</u>           | <u>-</u>             | <u>2,640,000</u>   | <u>-</u>         | <u>19,686,234</u>   |
| Segment results                        | <u>(10,588,315)</u> | <u>(668,724)</u> | <u>(8,866,963)</u> | <u>-</u>             | <u>(6,720,000)</u> | <u>-</u>         | <u>(26,844,002)</u> |
| Impairment                             |                     |                  |                    |                      |                    |                  | -                   |
| Interest income                        |                     |                  |                    |                      |                    |                  | 3,975               |
| Interest expenses                      |                     |                  |                    |                      |                    |                  | (18)                |
| Depreciation                           |                     |                  |                    |                      |                    |                  | (152,709)           |
| Unallocated income                     |                     |                  |                    |                      |                    |                  | -                   |
| Unallocated expenses                   |                     |                  |                    |                      |                    |                  | <u>(15,480,427)</u> |
| <b>Loss for the year</b>               |                     |                  |                    |                      |                    |                  | <u>(42,473,181)</u> |
| <b>Segment assets</b>                  | <b>53,462,985</b>   | <b>4,687,845</b> | <b>8,272,980</b>   | <b>-</b>             | <b>12,375,000</b>  | <b>5,000,000</b> | <b>83,798,810</b>   |
| Unallocated assets*                    |                     |                  |                    |                      |                    |                  | <u>34,138,002</u>   |
| Total assets                           |                     |                  |                    |                      |                    |                  | <u>117,936,812</u>  |
| <b>Segment liabilities</b>             | <b>-</b>            | <b>-</b>         | <b>-</b>           | <b>-</b>             | <b>-</b>           | <b>-</b>         | <b>-</b>            |
| Unallocated liabilities                |                     |                  |                    |                      |                    |                  | <u>3,634,030</u>    |
| Total liabilities                      |                     |                  |                    |                      |                    |                  | <u>3,634,030</u>    |
| Capital expenditures                   | -                   | -                | -                  | -                    | -                  | -                | -                   |
| Unallocated capital expenditures       |                     |                  |                    |                      |                    |                  | <u>-</u>            |
| Total capital expenditures             |                     |                  |                    |                      |                    |                  | <u>-</u>            |

\* Unallocated assets mainly included cash and cash equivalents of HK\$30,206,869 and property, plant and equipment of HK\$1,682,134.

### 3. SEGMENT INFORMATION (Continued)

|  | Listed Investments |                   | Unlisted Investments |                  | Total<br>HK\$      |
|--|--------------------|-------------------|----------------------|------------------|--------------------|
|  | Hong Kong<br>HK\$  | Australia<br>HK\$ | Hong Kong<br>HK\$    | The PRC<br>HK\$  |                    |
| <b>For the year ended<br/>31 December 2010</b> |                    |                   |                      |                  |                    |
| <b>TURNOVER</b>                                | <u>10,927,050</u>  | <u>–</u>          | <u>–</u>             | <u>5,280,000</u> | <u>16,207,050</u>  |
| <b>Segment results</b>                         | <u>(2,585,226)</u> | <u>15,896,435</u> | <u>–</u>             | <u>5,280,000</u> | 18,591,209         |
| Impairment                                     | –                  | –                 | (107,000)            | –                | (107,000)          |
| Interest income                                |                    |                   |                      |                  | 39,500             |
| Interest expenses                              |                    |                   |                      |                  | (15)               |
| Depreciation                                   |                    |                   |                      |                  | (172,586)          |
| Unallocated income                             |                    |                   |                      |                  | –                  |
| Unallocated expenses                           |                    |                   |                      |                  | <u>(5,847,225)</u> |
| <b>Profit for the year</b>                     |                    |                   |                      |                  | <u>12,503,883</u>  |
| <b>Segment assets</b>                          | 31,253,514         | 17,139,943        | –                    | 26,100,000       | 74,493,457         |
| Unallocated assets*                            |                    |                   |                      |                  | <u>22,934,916</u>  |
| Total assets                                   |                    |                   |                      |                  | <u>97,428,373</u>  |
| <b>Segment liabilities</b>                     | –                  | –                 | –                    | –                | –                  |
| Unallocated liabilities                        |                    |                   |                      |                  | <u>360,714</u>     |
| Total liabilities                              |                    |                   |                      |                  | <u>360,714</u>     |
| Capital expenditures                           | –                  | –                 | –                    | –                | –                  |
| Unallocated capital expenditures               |                    |                   |                      |                  | <u>–</u>           |
| Total capital expenditures                     |                    |                   |                      |                  | <u>–</u>           |

\* Unallocated assets mainly included cash and cash equivalents of HK\$22,187,585 and property, plant and equipment of HK\$101,697.

#### 4. TURNOVER

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

|                            | 2011<br><i>HK\$</i>      | 2010<br><i>HK\$</i>      |
|----------------------------|--------------------------|--------------------------|
| Sales of equity securities | 17,046,234               | 10,927,050               |
| Investment income          | <u>2,640,000</u>         | <u>5,280,000</u>         |
|                            | <u><u>19,686,234</u></u> | <u><u>16,207,050</u></u> |

#### 5. OTHER INCOME

|                 | 2011<br><i>HK\$</i>   | 2010<br><i>HK\$</i>   |
|-----------------|-----------------------|-----------------------|
| Dividend income | 475,663               | 67,956                |
| Interest income | <u>3,975</u>          | <u>39,500</u>         |
|                 | <u><u>479,638</u></u> | <u><u>107,456</u></u> |

#### 6. FINANCE COSTS

|                             | 2011<br><i>HK\$</i> | 2010<br><i>HK\$</i> |
|-----------------------------|---------------------|---------------------|
| Interest on bank overdrafts | <u><u>18</u></u>    | <u><u>15</u></u>    |



## 7. INCOME TAX

No Hong Kong profits tax is provided as there is no estimated assessable profit for the year (2010: Nil).

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>2011</b>               | 2010                      |
|--|---------------------------|---------------------------|
|  | <b>HK\$</b>               | <b>HK\$</b>               |
| (Loss)/profit before tax   | <u>(42,473,181)</u>       | <u>12,503,883</u>         |
| Tax calculated at a tax rate of 16.5%                            | (7,008,075)               | 2,063,140                 |
| Tax effects of:  |                           |                           |
| Income not subject to tax  | (514,739)                 | (3,511,842)               |
| Expenses not deductible for tax purposes                         | 3,605,306                 | 757,920                   |
| Tax losses for which no deferred income tax asset was recognised | 3,966,631                 | 664,723                   |
| Unrecognised deferred tax arising from temporary difference      | <u>(49,123)</u>           | <u>26,059</u>             |
| Tax expenses   | <u><u>          -</u></u> | <u><u>          -</u></u> |

There was no tax charge or credit relating to components of other comprehensive income for the years ended 31 December 2011 and 2010.

## 8. LOSS 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\$42,473,181 (2010: (profit) HK\$12,503,883).

## 9. EARNINGS PER SHARE

### (a) Basic

Basic 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.

## 9. EARNINGS PER SHARE (Continued)

### (a) Basic (Continued)

|   | 2011<br><i>HK\$</i>           | Restated<br>2010<br><i>HK\$</i> |
|---|-------------------------------|---------------------------------|
| (Loss)/profit attributable to equity holders of the Company | <u>(42,473,181)</u>           | <u>12,503,883</u>               |
| Weighted average number of ordinary shares in issue         | <u>220,842,245</u>            | <u>186,896,667</u>              |
| Basic (loss)/profit per share                               | <u><b>HK cents (19.2)</b></u> | <u>HK cents 6.7</u>             |

### (b) Diluted

Diluted 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.

|   | 2011<br><i>HK\$</i>           | Restated<br>2010<br><i>HK\$</i> |
|---|-------------------------------|---------------------------------|
| Earnings  |                               |                                 |
| (Loss)/profit attributable to equity holders of the Company               | <u>(42,473,181)</u>           | <u>12,503,883</u>               |
| Weighted average number of ordinary shares in issue                       | <u>220,842,245</u>            | <u>186,896,667</u>              |
| Adjustment for:   |                               |                                 |
| – Share options   | <u>–</u>                      | <u>–</u>                        |
| Weighted average number of ordinary shares for diluted earnings per share | <u>220,842,245</u>            | <u>186,896,667</u>              |
| Diluted (loss)/profit per share   | <u><b>HK cents (19.2)</b></u> | <u>HK cents 6.7</u>             |

## **MANAGEMENT DISCUSSION AND ANALYSIS FINANCIAL RESULTS**

### **FINANCIAL RESULTS**

For the year ended 31 December 2011, the Group recorded a revenue of approximately HK\$19.68 million (2010: HK\$16.20 million), representing an increase of approximately 21.48% as compared with that of last year. The net loss attributable to shareholders for the year ended 31 December 2011 was approximately HK\$42.47 million (2010: profit of approximately HK\$12.50 million).

### **DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: Nil).

### **BUSINESS REVIEW**

The Company is an investment company pursuant to the Chapter 21 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). During the year under review, the Group remains principally engaged in listed investments in Hong Kong and in other main stock markets around the world and also in unlisted companies.

The increase in the losses attributable to the shareholders for the year ended 31 December 2011 were because

- (i) the fair value of the financial assets at fair value through profit or loss was decreased by approximately HK\$32.05 million,
- (ii) the impairment loss on available-for-sale financial assets was increased by HK\$9.36 million,
- (iii) the valuation of the share options granted during the year was approximately HK\$1.84 million,
- (iv) the legal expenses of approximately 3.33 million was increased due to legal advices and
- (v) the administrative expenses increased in line with the expansion of the Group’s operation.

## **FINANCIAL RESOURCES AND LIQUIDITY**

As at 31 December 2011, the Group had cash and cash equivalents of approximately HK\$30.20 million (2010: HK\$22.18 million). The net current assets for the year ended 31 December 2011 was approximately HK\$86.07 million (2010: HK\$58.15 million), indicating that the Group had adequacy of liquidity. The indebtedness of the Group as at 31 December 2011 was HK\$Nil (2010: HK\$Nil).

## **FOREIGN EXCHANGE EXPOSURE**

Most of the business transactions of the Group are denominated in Hong Kong dollars, Renminbi and Australian dollars. Management of the Group will closely monitor the fluctuation in Renminbi and Australian dollars and take appropriate actions when needed. As at 31 December 2011, the Group does not have any hedging activities its foreign exchange exposure nor does it adopt any formal hedging policies. The Group had not entered into any financial derivatives during the year.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

During the year under review, there was no material acquisition or disposal of subsidiaries occurred.

## **SHARE CAPITAL STRUCTURE**

On 28 April 2011, 32,600,000 Placing shares at a price of HK\$0.112 per Placing share were issued pursuant to the Placing Agreement dated 8 April 2011 entered into the Company and the Placing Agent.

On 20 June 2011, 831,400,000 shares were issued at a price of HK\$0.07 per share pursuant to the Underwriting Agreement dated 6 May 2011.

On 1 December 2011, the Company's shares had been consolidated for every 10 shares into 1 Consolidated Share.

## **CHARGES ON THE COMPANY'S ASSETS AND CONTINGENT LIABILITIES**

As at 31 December 2011, there were no charges on the Company's assets and the Company did not have any significant contingent liabilities.

## **HUMAN RESOURCES**

As at 31 December 2011, the Company has eight full time employees.

The Company places high value on the staffs as they are the most valuable assets to grow with the Company. The Company encourages the staffs to be the best in their roles by providing training in diversified fields and address both personal development and work skills. The Company also provides workshops for staffs at different levels to build team spirit and morale. The staffs are rewarded based on Company performance as well as their performance and contribution to the Company.

## **STAFF COSTS**

The Company's total staff costs (including directors' emoluments) for the year under review amounted to HK\$5.6 million (2010: HK\$2.7 million).

## **LITIGATION**

After the year end date, on 13 March 2012, the Company and the Executive Directors of the Company received an Originating Summons issued on 12 March 2012 under action number HCMP 447 of 2012 by Mr. Cheung Tung Lan Tony, a Non-executive Director of the Company, who applied, among other things, an order for inspection of documents of the Company under sections 121 and 152FA of the Companies Ordinance (Cap. 32 of Laws of Hong Kong) ("the Application"). The Application had been heard on 17 May 2012 and the Court dismissed the Application made by Mr. Cheung, and ordered him to pay the legal costs of the Application to (i) the Company on a party and party basis; and (ii) the three Executive Directors of the Company on a common fund basis which is a higher scale than party and party basis.

Mr. Cheung has a right to appeal under the Rules of the High Court of Hong Kong. The deadline for Mr. Cheung to file a Notice of Appeal in the Court of Appeal is 14 June 2012 unless he gets an extension of time from the Court.

## **PROSPECTS**

We believe that with the U.S. economy not yet recovered and European debt crisis not effectively solved, the continuing upheaval of international economic environment will sustain for a certain period and prices of international bulk commodities and resource merchandise will suffer significant fluctuation, resulting the prospect of world economy remains uncertain. For the domestic economy, the significant increase in labour costs, continuing inflation, downturn in international demand and exchange rate appreciation have seriously hindered the exporting industries. Its domestic demand has still not become the main driving force in facilitating economic development due to historical problems such as defects in social security system and economic structure. The stimulating effect in investment can no longer achieve its original momentum after its previous round of large-scale implementation. Hence, in view of highly external dependence of China economy, we prudently estimate that the development of China economy will slow down gradually.

Nevertheless, we still believe that the economies of emerging countries, including China, can sustain their growth when compared with the developed countries, and will bring more investment opportunities. Therefore, we are actively looking into different investment opportunities in those sectors that are closely related to the economic development in the Mainland, such as energy, financial services and high-end consumables, and have already conducted feasibility studies and negotiations for specific projects in those sectors. The management of the Company believes that the investment performance of the Group will significantly enhance once they are finalised.

Under the macro environment of unstable global economy and international finance, it is inevitable that uncertainties of investments and investment instruments will increase, resulting greater difficulties in making investment decisions. At the same time, however, it will bring new challenges to the Company's capabilities in managing assets. As a result, the Group will continue to enhance its efforts in risk control, pay close attention to the changes of various factors affecting its investment portfolio projects, adjust the investment portfolio effectively and in a timely manner and prudently select and review investment projects, thereby striving to gain better investment returns despite operating in complicated environment and further achieve the objective of long-term capital increase for the benefit of investors ultimately.

## **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 2011.

## **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 2011, the Company has complied with all of the provisions under the CG Code except for the following deviation:

### **Code Provision A.4.1**

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive directors of the Company are not appointed for a specific term. However, all directors (including executive and non-executive) of the Company are subject to retirement by rotation at the annual general meeting as specified in the bye-laws of the Company.

## **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 2011, they have complied with the required standard as set out in the Model Code.

## **AUDIT COMMITTEE**

The audit committee comprises three Independent Non-executive Directors, namely Mr. Ku Siu Fu Alex, Mr. Chan Yuk Sang and Professor Chen Yamin, with written terms of reference in compliance with code provision C.3.3 of the Code as set out in Appendix 14 of the Listing Rules. Mr. Ku Siu Fun Alex is the chairman of the 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 and approval of the annual financial statements for the year ended 31 December 2011 (“Annual Report”).

## **REVIEW OF FINANCIAL STATEMENTS**

The Company's financial statements for the year ended 31 December 2011 have been reviewed and approved by the Audit Committee of the Company. The figures in respect of the Company's consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of financial position and the related notes thereto for the year ended 31 December 2011 as set out in the Preliminary Announcement have been agreed by the Company's auditors, FTW & Partners CPA Limited, to the amounts set out in the Company's audited financial statements for the year. The work performed by FTW & Partners CPA 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 FTW & Partners CPA 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 2011 Annual Report will be dispatched to the shareholders and will be made available on the website of Stock Exchange in due course.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange had been suspended from 9:00 a.m. on 2 April 2012. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares with effect from 9:00 a.m. on 5 June 2012.

On behalf of the Board  
**Opes Asia Development Limited**  
**Chu Wai Lim**  
*Executive Director*

Hong Kong, 4 June 2012

*As at the date of this announcement, the executive directors of the Company are Mr. Yang Yongdong, Mr. Chu Wai Lim, Ms. Fong Son Wa; the non-executive director of the Company is Mr. Wang Shiyang; the independent non-executive directors of the Company are Mr. Ku Siu Fun Alex, Professor Chen Yamin and Mr. Chan Yuk Sang.*