



PROMISES & PURSUITS

2010  
Interim Report

東英 ORIENTAL  
PATRON

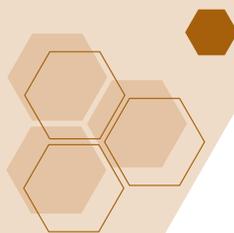
OP FINANCIAL INVESTMENTS LIMITED

STOCK CODE: 1140



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. ZHANG Zhi Ping (*Chairman*)

Mr. ZHANG Gaobo (*Chief executive officer*)

#### Non-executive Director

Mr. LIU Hongru

#### Independent Non-executive Directors

Mr. KWONG Che Keung, Gordon

Prof. HE Jia

Mr. WANG Xiaojun

#### AUDIT COMMITTEE

Mr. KWONG Che Keung, Gordon (*Chairman*)

Prof. HE Jia

Mr. WANG Xiaojun

#### REMUNERATION COMMITTEE

Mr. WANG Xiaojun (*Chairman*)

Prof. HE Jia

Mr. KWONG Che Keung, Gordon

#### AUTHORISED REPRESENTATIVES

Mr. ZHANG Gaobo

Ms. TAM Yuen Wah

#### COMPANY SECRETARY

Ms. TAM Yuen Wah

#### INVESTMENT MANAGER

Oriental Patron Fund Management

#### AUDITOR

PricewaterhouseCoopers (appointed on  
7 September 2010)

RSM Nelson Wheeler (resigned on  
7 September 2010)

### PRINCIPAL REGISTRARS

Butterfield Fulcrum Group (Cayman) Limited

Butterfield House

68 Fort Street

P.O. Box 609

Grand Cayman KY1-1107

Cayman Islands

### BRANCH REGISTRARS

Tricor Abacus Limited

26/F., Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

### REGISTERED OFFICE

P.O. Box 309GT

Ugland House

South Church Street

George Town

Grand Cayman

Cayman Islands

### PRINCIPAL PLACE OF BUSINESS

27/F., Two Exchange Square

8 Connaught Place

Central

Hong Kong

### PRINCIPAL BANKER

Standard Chartered Bank

Industrial and Commercial Bank of China  
(Asia) Limited

### CUSTODIAN

Standard Chartered Bank

### STOCK CODE

The Stock Exchange of Hong Kong Limited  
Code: 1140

### WEBSITE

[www.opfin.com.hk](http://www.opfin.com.hk)

## CHAIRMAN'S STATEMENT

Dear Shareholders,

In the six months ended 30 September 2010, we incurred a net loss of HK\$137 million compared to a profit of HK\$424 million during the same period in 2009. Net asset value per share fell 9.52% to HK\$1.71 from HK\$1.89. Our net assets grew to HK\$1.61 billion from HK\$1.48 billion as at 31 March, 2010 attributable to the new issue of shares.

During the first half of 2010's, Asian countries led by China struggled with the looming threat of asset bubbles, rampant inflation, and social unrest. Meanwhile, US and European monetary authorities tackled a surge in sovereign debt, high unemployment and fragile growth. Ripples were felt here in Asian markets in the form of volatility, and in Hong Kong, the HSI fell to an annual low in late May followed by a fickle path towards recovery in August.

Admirably, OP Financial Investments Limited (the "Company" or "we") remained well composed throughout the first half of the financial year. Other than Kaisun Energy whose share price fell since our last report to HK\$0.52 per share, all of our main direct investment positions countered with sound performance. Fundamentally, Kaisun is progressing well. Its Inner-Mongolian mines are reporting its first year of operational incoming, and it is expanding its portfolio through the newly proposed acquisition of a coal mining interest in Central Asia. Moreover, Kaisun's strong cash flow allows it to build out its current operations and expansion plans.

Our financial service partnerships as well as our investments in funds of listed equities also struggled somewhat from market turbulence in May. The lack of visibility coupled with uncertainties in Europe made for a difficult environment for managers globally to navigate. However, our partners have recovered well in the recent months.

Our other core investments have maintained strength. Our position in Nobel Oil Group is performing steadily. Through exploration of current assets and acquisition of new oil fields, reserves have increased. Furthermore, Nobel has allocated funds to capital expenditures to ensure stronger future production. Moreover, we believe Nobel's enterprise value will appreciate alongside increasing oil prices over the long term.





## CHAIRMAN'S STATEMENT (continued)

Our investments in insurance brokerage, Meichen Finance Ltd, continue to gain momentum. The company is implementing a proprietary management platform that will not only provide additional support to their current sales network, but it will also allow them to more easily and efficiently integrate its new acquisitions of licensed franchises. The business has expanded to 16 cities across 10 provinces.

In September 2010, we announced an arrangement with CIC to explore investment opportunities in the agri-sector focusing on Kazakhstan. As one of the world's most underdeveloped agricultural regions, Kazakhstan has rich arable land and has direct access to both Russia and China, two of the world's fastest growing emerging markets. Coupled with rising food commodity prices, we consider this an attractive long term project. Extensive feasibility studies funded by the initial investment are currently being conducted.

The arrangement also proves unequivocally to the market our investment model and strategies are sustainable, that our co-investors share our vision and values, and that we are recognized for our insight.

With support from Oriental Patron Financial Group, we contribute to investment projects with more than just capital. We see investments through, from origination to exit, and this is how we ensure outstanding absolute returns. Our model enables us to add tremendous value to each and every deal, and develop equally sustainable relationships with co-investors.

Sovereign and institutional wealth in China has grown to historically unprecedented levels, and we are acutely attuned to this. After all, these same institutions and industry leaders are our co-investors. Therefore, we are devoting meaningful attention to new partnerships that can help us, as an organization, grow. Our motivation comes from a core philosophy to always be at the very precipice of change — to always innovate. Then, and only then, can we evolve into something greater, to separate ourselves from the rest as the region's leading independent financial institution.

# MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the “Board” or the “Directors”) of OP Financial Investments Limited (the “Company” or “OP Financial”) and its subsidiaries (the “Group”) is pleased to present to the shareholders the interim report and condensed financial statements of the Group for the Period the consolidated results, consolidated statement of cash flow and consolidated statement of changes in equity for the period from 1 April 2010 to 30 September 2010 (the “Period”), and the consolidated statement of financial position as at 30 September 2010 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 27 to 50 of this report.

## INTRODUCTION

OP Financial is a Hong Kong listed investment company with the mandate allowing us to invest in various assets, financial instruments, and businesses globally.

We produce medium to long term shareholder returns by developing customized investment solutions for and alongside institutional and corporate investors in the region. Our co-investors are mainly large financial institutions and organizations targeting either high growth opportunities within China or strategic investments outside the region. We also invest in funds of listed and unlisted equities to generate diversified returns. Over time, these funds will serve as the foundation of a marketable proprietary financial services platform catered towards attracting new investment partners.

Our two main investment focuses include Direct Investments and the development of our Financial Services Platform. Direct Investment Solutions, includes both our proprietary investments as well as the managed investments together with other investors. These investments target strategic resources and related businesses globally, but they may also include high growth medium sized businesses in China. The Financial Services Platform includes: (i) “Partnerships with major players”; these are joint ventures with financial institutions, and (ii) “Integrated Fund Solutions”; which focuses on developing asset managers, and fund incubation strategies.





## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### INVESTMENT REVIEW

*Investment Holdings as at*

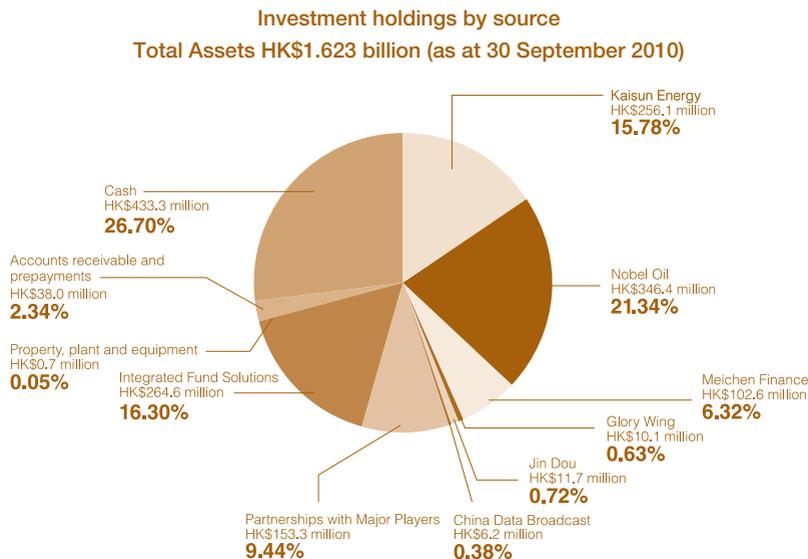
	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
<b>Direct Investment Solutions</b>		
Kaisun Energy		
Equity	65,923	144,771
Convertible Bond	180,425	293,234
Interest receivable	9,760	4,972
	<b>256,108</b>	442,977
Nobel Oil		
	<b>346,430</b>	323,824
Meichen Finance		
Equity	95,761	91,725
Profit Guarantee	6,860	7,261
	<b>102,621</b>	98,986
Glory Wing (Taolegai Mine)		
Convertible Bond	10,000	—
Interest receivable	144	—
	<b>10,144</b>	—
Jin Dou Investment Partnership (CIC Arrangement)		
	<b>11,654</b>	—
<b>Total Direct Investment Solutions</b>	<b>726,957</b>	865,787

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

## INVESTMENT REVIEW (continued)

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
<b>Financial Services Platform</b>		
Partnerships with Major Players		
CSOP Asset Management	79,891	79,454
Guotai Junan Fund Management	3,934	2,906
TOP Commodity Capital Management	40	40
OP Calypso Capital Group	69,407	34,046
	<b>153,272</b>	116,446
Integrated Fund Solutions		
Calypso Asia Fund	214,759	135,497
Asian Special Opportunities Fund	—	120,741
Greater China Select Fund	29,796	30,056
Greater China Special Value Fund	19,994	—
	<b>264,549</b>	286,294
<b>Total Financial Services Platform</b>	<b>417,821</b>	402,740
<b>Other Investments</b>		
China Data Broadcasting	6,200	4,750
<b>Total Other Investments</b>	<b>6,200</b>	4,750





## DIRECT INVESTMENT SOLUTIONS

### Kaisun Energy

Kaisun Energy Group Limited (“Kaisun Energy”) is an integrated coking coal producer which operates a coal mine in Inner Mongolia with reserves of 99.6 million tonnes. As at 30 September 2010, Kaisun Energy’s share price closed at HK\$0.52 per share down from HK\$1.14 per share as at 31 March 2010. While we had sold down a substantial portion of our shares in 2009, the contraction in the remaining holdings negatively impacted the net asset value (“NAV”) by HK\$186.87 million. The equities portion fell 54% from HK\$144.77 million to HK\$65.92 million. Consequently, the stock price decline also reduced the valuation of the convertible bonds portion by 38% from HK\$293.23 million to HK\$180.43 million.

Kaisun Energy’s 2010 interim report recorded a net loss of HK\$15.52 million. Compared to losses in the same period in 2009 of HK\$235 million, the company is progressing well, since this is the company’s first year of operational income from its new mining operations in Inner Mongolia. Reported delays during the period were largely a result of government cessations unrelated to the company’s operation — such as the flooding incident in neighbouring mines and national gaming events.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Meanwhile, the disposal of the non-core asset, Long Capital Development Limited on 30 June 2010, was a necessary one. This allowed management to focus on its core competitive strengths within the energy sector, and fulfils their promise to reposition Kaisun as an integrated energy company.

Recently, Kaisun completed construction of its on-site office and staff quarters. It is also on schedule to complete its coal washing plant which, upon operation, will allow the company to adjust its selling price and capture increased margins.

In November, the company announced a newly proposed acquisition target in Central Asia—Saddleback Ltd which owns a coking coal and a smokeless anthracite mine. These assets are located near Xinjiang on the ancient Silk Road, where the PRC government has targeted for redevelopment. Conveniently, the mines have access to developed transport infrastructure routes to China, making it an excellent addition to Kaisun's portfolio. Saddleback Ltd. shall be purchased through a combination of cash and shares.

### Nobel Oil

The Group successfully arranged a co-investment with China Investment Corporation ("CIC"), cumulatively representing a 50% equity interest in Nobel Holdings Investments Ltd ("Nobel Oil") in September 2009. With 509 million barrels of total reserves and risked resources, Nobel Oil is one of the largest independent upstream producers in Russia. Located in highly developed and prolific oil provinces in Russia close to infrastructure, its two producing and four non-producing oil fields are held under seven subsoil licenses with aggregated proven reserves of 120.46 million Barrels.

Held via investment holding vehicle, Thrive World Ltd, the Group's 5% effective holding increased slightly from HK\$323.82 million to HK\$346.43 million as at 30 September 2010. Overall, Nobel Oil is performing well, especially with Brent spot oil prices strengthening from \$80.37pb to \$82.3pb during the Period. Operationally, the company expects to produce 15.2k bpd this year contributing net US\$27 million in EBITDA. Given Nobel's growth rate into 2011, the company will be operationally self-sufficient, looking to raise capital primarily to develop existing wells and continue exploration efforts. The company is currently deploying capex to build water pumping stations to help maintain consistent output.





## Meichen Finance

In 2009, we invested HK\$45.45 million in Meichen Finance Group Ltd., (“Meichen Finance”), a rapidly growing insurance agency and brokerage in China. Held via investment vehicle, Crown Honor Holdings Ltd, our net position has since grown to HK\$102.62 million as at 30 September 2010 (31 March 2010: HK\$98.99 million). It performed well in 2009 having sold policies of approximately RMB830 million in insurance premiums representing a year-on-year growth of 145%. Focusing on the Guangdong province, the company has over 42 agent service centres. With a growing population of over 95 million in Guangdong alone, Meichen Finance is expanding aggressively to acquire market share as the insurance business continues to mature.

Meichen Finance's business model is to distribute insurance products from currently 21 leading insurance companies in the country including Ping An, China Life, and China Pacific. Primarily operating in the automotive insurance sector, agents use an in-house assessment system to effectively match the client with the appropriate product. Given China is home to the fastest growing auto industry in the world, and Meichen Finance is in a unique position to capitalise on consumer demand.

Meichen Finance's management has outlined three basic strategies for improvement. Firstly, they shall focus on installing a proprietary qualification software to assess customer credit rating and suitability. This new in-house tool will allow the agents to more effectively and efficiently match their clients to the appropriate product. Secondly, the company will begin expanding its product offering from automotive insurance to life insurance and cross-selling new products to the current client base, and thereby increasing the average revenue per customer. Finally, Meichen Finance will continue to actively monitor and identify acquisition targets for consolidation throughout the Guangdong province.

We expect Meichen Finance may be seeking capital through the equity markets before 2012 to finance its expansion plans. A key metric in this strategy is the number of licenses it holds. Meichen Finance may operate a limited number of branches per license. Each license has varying rights from district to district. Meichen Finance currently holds approximately 27 licenses, which it hopes to increase its licenses two-fold by the end of 2013.

Our net position grew to approximately HK\$102.62 million to reflect this progress. We will continue to monitor its performance in 2010 and provide strategic support as needed.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Glory Wing

Glory Wing International Ltd (“Glory Wing”) is an investment vehicle whose core position is an Iron Ore mining operation called Taolegai Mine, located in Inner Mongolia. Glory Wing has invested a total of HK\$70 million in the project in the form of convertible bonds, of which OP Financial’s allocation is HK\$10 million.

Based on John T. Boyd Company’s (JTB) current reports, the Mine holds measured and inferred resources of 5.73 million tonnes at an average grade of 50.2% Fe. With estimated production of 800,000 tonnes per year, the mine has a healthy potential schedule of over 5 years.

### Jin Dou Investment Partnership

In September, we formed a partnership with CIC, Jin Dou Development Fund L.P., to explore agricultural investment opportunities in Kazakhstan. CIC and OP Financial contributed US\$15 million and US\$1.5million respectively for the purpose of conducting feasibility projects to diversify and expand the crop yield in Kazakhstan to service the growing demand for food in the region.

Kazakhstan, otherwise known for its oil and gas exports as well as its proximity to both China and Russia, has natural logistical benefits to develop trade in lateral areas of natural resources. According to the World Bank statistics, Kazakhstan has the second highest land per capital ratio, between Australia and Canada. Kazakhstan exports mainly wheat and grain, so the project will run feasibility studies to develop both additional yield and crop diversification to match market demands. Food prices have risen steadily over the past few years.

With most global players saturating markets such as Brazil and Canada, Kazakhstan offers attractive assets at reasonable prices. We are working closely with the Kazakhstan government to ensure local stakeholder interests are aligned. Given the growing global demand driven by the rising standard of living in all the major developing countries, we believe there is a promising future in the agricultural production and services space.

This is our second co-investments with CIC to date, following the Nobel Oil investment in 2009.





## FINANCIAL SERVICES PLATFORM

### Partnerships with Major Players

We have investments in four asset management companies with total assets under management and advisory of approximately HK\$6.78 billion. Aggregate results of the four companies attributable to the Group totalled approximately HK\$1.43 million for the Period.

Invested mostly in listed equities, these funds faced a challenging market in May 2010, when volatility combined with high correlated hedges rendered defensive trading strategies ineffective as the MSCI World Index slid 9.91% during the month. The Eurekahedge Hedgefund Index was down 2.33%, its worst performance since October 2008.

Despite unpredictable markets, our partnering fund managers are beginning to recover in strength. CSOP's NAV has fully recovered since May when it fell 5.79% returning to a healthier balance comparable to its March NAV. Meanwhile, Calypso Asia Fund, managed by OP Calypso Capital has registered positive growth in the last 3 out of 4 months and appears to be gaining momentum.

### Integrated Fund Solutions

Part of the Group's strategy is to build a proprietary asset management platform and incubate or acquire funds with a strong track record and sound management. We provide seed capital, infrastructure, technology, and administrative support to fund managers, allowing them to focus on building performance.

The Group maintains investments in three funds managed by the OP Calypso Capital Group, which fell by approximately HK\$21.74 million to HK\$264.55 million as at 30 September from HK\$286.29 million as at 31 March 2010.

OP Financial holds non-controlling preference shares in OP Calypso Capital Ltd., the investment management company. Our position appreciated to HK\$69.41 million from HK\$34.05 million during the period, due to additional income streams from three new funds. OP Calypso faced a number of challenges in an environment where the industry was still suffering the consequences of the Madoff scandal. Wary investors were reducing exposure either to funds of a certain size (where they would not be a large minority) or investing conservatively in more regulated structures, such as European domiciled UCITS.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

In response, OP Calypso is to looking initiate new offerings including UCITS structures, a total of three such products by the end of 2010. They will also spearhead the Eurasia Fund in January 2011 that will focus on the Greater China and Russia markets, other BRIC countries (Brazil, Russia, India, and China) and Eurasian markets. Finally, the OP Calypso will launch a China Organic Growth Fund, a new sub-fund of a large UCITS structure under the umbrella of one of the most prestigious Swiss Private Banks.

On the incubation side, we have added a new manager to our platform that brings a US\$107 million Asia Pacific UCITS product. We will continue to seek out further managers to incubate under our platform.

### In Closing

Developing our existing relationships and creating a robust investment portfolio is the key to a sustainable business. Our relationship with CIC in Kazakhstan proves to the market our commitment to the sovereign and institutional market, and it is a prime example of how our China insight can help our investment partners, and ultimately our shareholders, discover opportunities where others cannot.

## FINANCIAL REVIEW

### Financial position

*Net asset value:* The Group's net assets as at 30 September 2010 increased by 9% to HK\$1.61 billion from HK\$1.48 billion six months ago. Meanwhile, the NAV per share decreased from HK\$1.89 to HK\$1.71 during the Period since the total issued ordinary shares increased from 784.50 million to 941.40 million after the new share placement completed in July 2010.

*Gearing:* The gearing ratio, which was calculated on the basis of total liabilities over total equity as at 30 September 2010 was 0.006 (31 March 2010: 0.05). We are currently maintaining a low leverage policy for our investments. While some debt financing instruments may be used at the investment level; moving forward in 2011, we shall maintain debt to a minimum at the Group level.

*Investments in associates:* Representing our share of the net assets of joint venture asset management companies, CSOP Asset Management Limited, and Guotai Junan Fund Management Limited. Assets remained relatively unchanged at HK\$84.07 million as at 30 September 2010 (31 March 2010: HK\$82.64 million) reflecting their operating performance for the Period.





## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

*Available-for-sale financial assets:* Though relatively unchanged at HK\$683.39 million (31 March 2010: HK\$689.92 million), generally strong performance in all holdings offset low mark-to-market value of our shares in Kaisun Energy.

*Financial assets at fair value through profit or loss:* The decrease to HK\$373.62 million from HK\$495.74 million during the Period was primarily due to a significant decrease in the value of the derivative component in the convertible bond tied to Kaisun Energy. This instrument fell by 70.21% from HK\$162.69 million to HK\$48.45 million for an unrealised loss of HK\$114.24 million. Remaining long term assets remained relatively stable.

*Interest receivables:* With the addition of a new convertible bond investment via Glory Wing in an iron ore mine in Inner Mongolia, accrued interests increased significantly from HK\$5.02 million to HK\$10.40 million as at 30 September 2010. This includes interest receivable from our convertible bond by Kaisun Energy.

*Bank and cash balances:* As at 30 September 2010, the Group had cash and bank balances of HK\$433.30 million (31 March 2010: HK\$261.37 million). The increase in bank and cash balances is the net sum of the issue of new shares of HK\$283.08 million, cash carried forward of HK\$261.37 million, less new investments in vehicles and funds of approximately HK\$29.99 million, and operating activities of HK\$81.15 million.

*Accrued charges:* This mainly represents the investment management fees payable to our investment manager calculated based on the NAV of the Group. Performance fee payable to the investment manager were paid during this Period based on previous year's results. Therefore, accrued charges have been reduced significantly to HK\$3.88 million from HK\$69.00 million, six months prior.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

## Results

The Group made significant developments in new arrangements and partnerships. However, challenging market conditions created a difficult environment for our main investments in Kaisun Energy and investment funds, resulting in a relatively flat performance for the first half of 2010. The Group incurred a net loss of HK\$137.05 million (2009: profit of HK\$423.90 million), which was offset by growth in remaining and new investments. The Group also completed the placement of new ordinary shares in July, increasing the cash balance by HK\$283.08 million. Consequently, we grew our net assets to approximately HK\$1.61 billion, for a net increase of 9.04% during the Period. The Group incurred a basic loss per share of HK\$15.86 cents compared to a gain of HK\$54.03 cents for the corresponding period in 2009.

**Condensed Consolidated Income Statement**

Revenue, for the Period as follows:

	Six months ended	
	30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Dividend income from listed investments	—	169
Dividend income from unlisted investments	—	322,685
Performance premiums from co-investment partners	<b>23,331</b>	112,720
Interest income	<b>6,004</b>	1,223
	<b>29,335</b>	436,797

- (1) Co-investment partner, CIC, in both the Agriculture partnership and Nobel oil projects awarded performance premiums totalling HK\$23.33 million to the Group in return for our resources devoted to the investment projects.
- (2) Interest income increased to approximately HK\$6.00 million (2009: HK\$1.22 million) due to a new convertible bond investment via Glory Wing and our existing Kaisun Energy, both of which are held as convertible bonds.





## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

*Net (loss)/gain on financial assets at fair value through profit or loss:* This mainly represents (i) the loss in fair value of the conversion option embedded in the convertible bonds of Kaisun Energy of approximately HK\$114.24 million and (ii) the net loss of HK\$25.63 million from the Group's remaining financial assets at fair value.

*Equity-settled share-based payments:* This represents the value of 28,800,000 share options granted to certain directors, employees and a consultant at 20 April 2010 attributable to the Period.

*Administrative expenses:* The increase in expenses of HK\$23.08 million from HK\$16.49 million the same period in 2009 is a result of (i) the increase in investment management fee paid and payable to the investment manager, totalling HK\$11.58 million (2009: HK\$7.69 million) and (ii) additional staff costs and expenses such as travelling and other costs directly related to our new investment projects.

*Share of results of associates:* A net amount of approximately HK\$1.43 million (2009: HK\$10.90 million) accounted for our share of results of associates from joint ventures such as CSOP, OP Calypso Capital Group and Guotai Junan. These companies generate revenue based on management and performance fees according to assets under management.

*Income tax:* The Group incurred no taxes as there were no assessable profits in the first 6 months.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

**Condensed Consolidated Statement of Comprehensive Income**

Changes to the Group's NAV, otherwise not accounted for in the income statement, are found in the statement of comprehensive income under "other comprehensive income" on page 28. The loss of HK\$137.05 million for the Period is carried through from the income statement. Combined unrealized losses from long term investments, otherwise identified as "available-for-sale financial assets" totalling HK\$18.18 million, the total comprehensive income for the Period was a loss of HK\$155.23 million.

*Fair Value Changes for the six months ended 30 September*

	2010 (Unaudited) HK\$'000	2009 (Audited) HK\$'000
Kaisun Energy		
Equity	(78,849)	n.a.
Convertible Bond	1,427	n.a.
	(77,422)	note (36,432)
Nobel Oil	22,607	13,137
Meichen Finance	1,233	—
OP Calypso Capital Group	35,400	2,108
<b>Total</b>	<b>(18,182)</b>	<b>(21,187)</b>

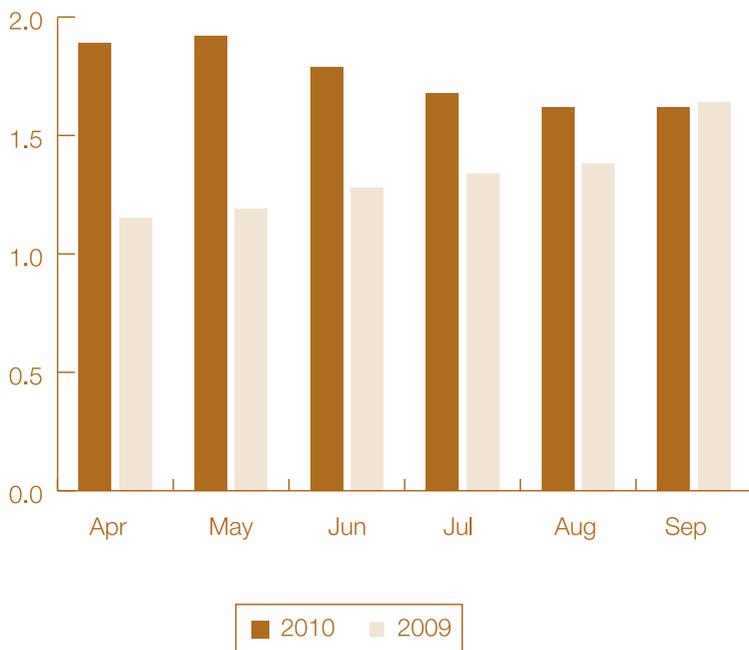
Note: In 2009, the Group's investment interest was through a co-investment holding vehicle formed with syndicate investors until its dissolution in 2010.





## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Net Asset Value per Share (6 months ended September, HK\$)



### INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend for the Period (2009: Nil).

### LIQUIDITY AND FINANCIAL RESOURCES

Dividend income from investments held, performance premiums, and interest income from bank deposits and financial instruments held are currently the Group's major source of revenue.

During the Period, the Group's cash and cash equivalents remain strong. As at 30 September 2010, the Group had cash and bank balances of HK\$433.30 million (31 March 2010: HK\$261.36 million).

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The Group had no bank borrowings and did not pledge any assets as collateral for overdrafts or other loan facilities during the Period. The debt-to-equity ratio (interest bearing external borrowings divided by shareholders' equity) stood at zero while the current ratio (current assets divided by current liabilities) was 86 times (31 March 2010: 8 times). For further analysis of the Group's cash position, net current assets and gearing, please refer to paragraphs under sub-sections headed "Financial position" above.

The Board believes that the Group has sufficient financial resources to satisfy its immediate investments and working capital requirements.

### CAPITAL STRUCTURE

On 5 July 2010, the Company completed the placing of 156,900,000 ordinary shares at a price of HK\$1.90 per share. The net proceeds from the placing was approximately HK\$283.08 million.

As at 30 September 2010, the Group's shareholders' equity and total number of shares in issue for the Company increased to HK\$1,613.89 million (31 March 2010: HK\$1,480.10 million) and 941.40 million (31 March 2010: 784.50 million) respectively.

### EMPLOYEES

During the Period, the Group had 15 (2009: 12) employees, inclusive of the two executive directors. Total staff costs for the Period amounted to HK\$10.71 million (2009: HK\$3.94 million). The Group's remuneration policies are in line with the market practice and are determined on the basis of the performance and experience of individual employee.

### EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's assets and liabilities are denominated in Hong Kong Dollars or United States Dollars and, therefore, the Group had no significant exposure to foreign exchange fluctuations.

### CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2010, there were no charges on the Group's assets and the Group did not have any significant contingent liabilities.





## PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Period, the Company has not purchased, sold or redeemed any of its listed shares.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2010, the interests and/or short positions of the Directors and chief executive of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listing Company (the "Model Code") in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), to be notified to the Company and the Stock Exchange were as follows:

## LONG POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of director	Capacity in which interests are held	Number of ordinary shares/underlying shares held in the Company			Total interests as to % to the issued share capital of the Company as at 30 September 2010 <i>(note 1)</i>
		Corporate interests in shares	Interests under equity derivatives	Total Interests	
Mr. ZHANG Zhi Ping <i>(notes 2 &amp; 4)</i>	Interest of controlled corporation and beneficial owner	359,800,000	1,000,000	360,800,000	38.33%
Mr. ZHANG Gaobo <i>(notes 3 &amp; 4)</i>	Interest of controlled corporation and beneficial owner	359,800,000	1,000,000	360,800,000	38.33%

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

*Notes:*

- (1) The percentage of shareholding was calculated on the basis of the Company's total issued shares of 941,400,000 shares as at 30 September 2010.
- (2) This represented the aggregate of 330,000,000 shares held by Ottness Investments Limited ("OIL"), 29,800,000 shares held by Oriental Patron Financial Services Group Limited ("OPFSGL") and 1,000,000 share options granted to Mr. Zhang Zhi Ping. The share options entitled the holders to subscribe for shares of the Company at an exercise price and exercise period as disclosed in the section headed "Share option scheme" in note 16 to the condensed financial statements.
- (3) This represented the aggregate of 330,000,000 shares held by OIL, 29,800,000 shares held by OPFSGL and 1,000,000 share options granted to Mr. Zhang Gaobo. The share options entitled the holders to subscribe for shares of the Company at an exercise price and exercise period as disclosed in the section headed "Share option scheme" in note 16 to the condensed financial statements.
- (4) OIL is a wholly owned subsidiary of Oriental Patron Financial Group Limited ("OPFGL"), while 95% of the issued share capital of OPFSGL is owned by OPFGL. The entire issued share capital of OPFGL is beneficially owned as to 51% by Mr. Zhang Zhi Ping and 49% by Mr. Zhang Gaobo. By virtue of the SFO, each of Mr. Zhang Zhi Ping and Mr. Zhang Gaobo is deemed to be interested in the shares and underlying shares of the Company held by OIL and OPFSGL.

Save as disclosed above, as at 30 September 2010, none of the Directors or chief executive had any interest or short positions in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.





## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 September 2010, the Company had been notified of the following substantial shareholders' interests or short positions, being 5% or more of the Company's shares and underlying shares. These interests are in addition to those disclosed above in respect of the Directors and chief executive.

Name of shareholder	Capacity in which interests are held	Number of ordinary shares/underlying shares held in the Company			Total interests as to % to the issued share capital of the Company as at 30 September 2010 <i>(note 1)</i>
		Corporate interests in shares	Interests under equity derivatives	Total Interests	
OIL (notes 2 & 4)	Beneficial owner	330,000,000	—	330,000,000	35.05%
OPFGL (notes 3 & 4)	Interest of controlled corporation	359,800,000	—	359,800,000	38.22%
Primus Pacific Partners Investments 2 Ltd (notes 5 & 6)	Beneficial owner	155,040,000	—	155,040,000	16.47%
Primus Pacific Partners 1 LP (notes 5 & 6)	Interest of controlled corporation	155,040,000	—	155,040,000	16.47%
Primus Pacific Partners (GP1) LP (notes 5 & 6)	Interest of controlled corporation	155,040,000	—	155,040,000	16.47%
Primus Pacific Partners (GP1) Ltd (notes 5 & 6)	Interest of controlled corporation	155,040,000	—	155,040,000	16.47%
Mr. NG Wing Fai (notes 5 & 6)	Interest of controlled corporation	155,040,000	—	155,040,000	16.47%
MR. HUAN Guocang (notes 5 & 6)	Interest of controlled corporation	155,040,000	—	155,040,000	16.47%

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Notes:

- (1) The percentage of shareholding was calculated on the basis of the Company's total issued shares of 941,400,000 shares as at 30 September 2010.
- (2) This represented 330,000,000 shares held by OIL.
- (3) This represented the aggregate of 330,000,000 shares held by OIL and 29,800,000 shares held by OPFSGL.
- (4) OIL is a wholly owned subsidiary of OPFGL, while 95% of the issued share capital of OPFSGL is owned by OPFGL. By virtue of the SFO, OPFGL is deemed to be interested in the shares and underlying shares of the Company held by OIL and the shares held by OPFSGL.
- (5) This represented 155,040,000 shares held by Primus Pacific Partners Investments 2 Ltd ("PPPI-2").
- (6) Each of Mr. Huan Guocang and Mr. Ng Wing Fai owns as to 50% of the total equity interest in Primus Pacific Partners (GP1) Ltd ("PPP-GP1") while PPP-GP1 controls 100% equity interest in Primus Pacific Partners (GP1) LP ("PPP-GP1-LP"). Further, PPP-GP1-LP controls 100% equity interest in Primus Pacific Partners 1 LP ("PPP1-LP") while PPP1-LP owns as to 100% equity interest in PPPI-2. By virtue of the SFO, each of Mr. Huan Guocang, Mr. Ng Wing Fai, PPP-GP1, PPP-GP1-LP, and PPP1-LP is deemed to be interested in the shares and underlying shares of the Company held by PPPI-2.

Save as disclosed above, as at 30 September 2010, the Company has not been notified by any other persons, not being a Director or chief executive of the Company, who has interests or short positions in the shares and underlying shares of the Company representing 5% or more of the Company's issued share capital.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Period was the Company or its associated corporations a party to any arrangements to enable the Directors or chief executive of the Company to acquire any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations.

## SHARE OPTION SCHEME

The detailed disclosures relating to the Company's share option scheme and valuation of options are set out in note 16 to the condensed financial statements.





## CODE ON CORPORATE GOVERNANCE PRACTICES

None of the directors is aware of any information that would reasonably indicate that the Company is not, or was not, at any time during the Period, in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTING COMPANY ("MODEL CODE")

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

## APPRECIATION

On behalf of the Board, I would like to thank all our shareholders for their continued trust and support and the investment manager for their dedicated efforts.

## AUDIT COMMITTEE

The Company's audit committee, comprising three independent non-executive Directors, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the condensed consolidated financial statements for the Period before recommending them to the Board for approval.

## REVIEW OF ACCOUNTS

The external auditor has reviewed the interim financial information for Period in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board

**ZHANG Gaobo**

*Executive Director and CEO*

Hong Kong SAR, 25 November 2010

# INDEPENDENT REVIEW REPORT

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

### TO THE BOARD OF DIRECTORS OF OP FINANCIAL INVESTMENTS LIMITED

*(incorporated in Cayman Islands with limited liability)*

#### INTRODUCTION

We have reviewed the interim financial information set out on pages 27 to 50, which comprises the condensed consolidated statement of financial position of OP Financial Investments Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 September 2010 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.





## INDEPENDENT REVIEW REPORT (continued)

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

#### **PricewaterhouseCoopers**

Certified Public Accountants

Hong Kong, 25 November 2010

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2010

		Six months ended 30 September	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
	<i>Note</i>		
<b>Revenue</b>	4	<b>29,335</b>	436,797
Loss on redemption of available-for-sale financial assets		—	(18,880)
Net (loss)/gain on financial assets at fair value through profit or loss	13	<b>(139,861)</b>	9,155
Gain on disposal of subsidiary		<b>1,074</b>	—
Fair value gain on other financial liabilities	14	—	2,418
Equity-settled share-based payments		<b>(5,948)</b>	—
Administrative expenses		<b>(23,075)</b>	(16,492)
<b>(Loss)/Profit from operations</b>		<b>(138,475)</b>	412,998
Share of results of associates		<b>1,426</b>	10,903
<b>(Loss)/Profit before tax</b>		<b>(137,049)</b>	423,901
Income tax	6	—	—
<b>(Loss)/Profit for the Period</b>	7	<b>(137,049)</b>	423,901
<b>(Loss)/Earnings per share</b>			
Basic	9(a)	<b>(15.86) cents</b>	54.03 cents
Diluted	9(b)	<b>(15.83) cents</b>	N/A

The notes on pages 27 to 50 form an integral part of this condensed interim financial information.



# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

	<i>Note</i>	Six months ended	
		30 September 2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
<b>(Loss)/Profit for the Period</b>		<b>(137,049)</b>	423,901
<b>Other comprehensive income</b>			
Available-for-sale financial assets			
— Fair value changes during the Period	12	<b>(18,182)</b>	13,443
— Redemption of available-for-sale financial assets		—	(34,630)
<b>Net other comprehensive income for the Period</b>		<b>(18,182)</b>	(21,187)
<b>Total comprehensive income for the Period</b>		<b>(155,231)</b>	402,714

The notes on pages 27 to 50 form an integral part of this condensed interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2010

		<b>30 September</b>	31 March
		<b>2010</b>	2010
		<b>(Unaudited)</b>	(Audited)
	<i>Note</i>	<b>HK\$'000</b>	HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	738	108
Investments in associates	11	84,069	82,643
Available-for-sale financial assets	12	683,389	689,918
Financial assets at fair value through profit or loss	13	58,684	162,920
Interest receivables		9,760	4,972
		<b>836,640</b>	940,561
<b>Current assets</b>			
Financial assets at fair value through profit or loss	13	314,932	332,824
Accounts receivable		31,937	8,377
Interest receivables		644	48
Fund subscription		—	7,734
Prepayments and other receivables		5,608	3,490
Bank and cash balances		433,303	261,365
		<b>786,424</b>	613,838
<b>Total assets</b>		<b>1,623,064</b>	1,554,399
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	15	94,140	78,450
Reserves		1,519,751	1,401,649
<b>Total equity</b>		<b>1,613,891</b>	1,480,099

The notes on pages 27 to 50 form an integral part of this condensed interim financial information.





## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 September 2010

	<b>30 September</b>	31 March
	<b>2010</b>	2010
	<b>(Unaudited)</b>	(Audited)
<i>Note</i>	<b>HK\$'000</b>	HK\$'000
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accrued charges	<b>3,875</b>	69,002
Tax payable	<b>5,298</b>	5,298
<b>Total liabilities</b>	<b>9,173</b>	74,300
<b>Total equity and liabilities</b>	<b>1,623,064</b>	1,554,399
<b>NET ASSETS</b>		
<b>Net asset value per share</b>	<i>17</i> <b>HK\$1.71</b>	HK\$1.89

The notes on pages 27 to 50 form an integral part of this condensed interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	Unaudited						
	Note	Reserves				(Accumulated losses)/ Retained profits	Total
		Share capital	Share premium	Shared-based payment reserve	Investment revaluation reserve		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2009		78,450	792,438	6,120	41,461	(31,697)	886,772
Total comprehensive income for the period		—	—	—	(21,187)	423,901	402,714
At 30 September 2009		78,450	792,438	6,120	20,274	392,204	1,289,486
<b>At 1 April 2010</b>		<b>78,450</b>	<b>792,438</b>	<b>6,120</b>	<b>161,718</b>	<b>441,373</b>	<b>1,480,099</b>
Issue of shares by placing	15	15,690	267,385	—	—	—	283,075
Grant of share options	16	—	—	5,948	—	—	5,948
Share options cancelled	16	—	—	(4,009)	—	4,009	—
Total comprehensive income for the period		—	—	—	(18,182)	(137,049)	(155,231)
At 30 September 2010		94,140	1,059,823	8,059	143,536	308,333	1,613,891

The notes on pages 27 to 50 form an integral part of this condensed interim financial information.





# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2010

	Six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Net cash used in operating activities</b>	<b>(81,146)</b>	<b>(47,125)</b>
<b>Net cash used in investing activities</b>	<b>(29,991)</b>	<b>(45)</b>
<b>Net cash generated from financing activities</b>	<b>283,075</b>	<b>—</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>171,938</b>	<b>(47,170)</b>
<b>Cash and cash equivalents at 1 April</b>	<b>261,365</b>	<b>391,759</b>
<b>Cash and cash equivalents at 30 September</b>		
Represented by:		
Bank and cash balances	<b>433,303</b>	<b>344,589</b>

The notes on pages 27 to 50 form an integral part of this condensed interim financial information.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2010

## 1 GENERAL INFORMATION

OP Financial Investments Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is P.O. Box 309GT, Uglund House, South Church Street, George Town, Grand Cayman, Cayman Islands. The address of its principal place of business is 27th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These condensed consolidated interim financial information are presented in Hong Kong dollars, unless otherwise stated.

## 2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The Interim Financial Report should be read in conjunction with the 2010 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2010, except as stated in note 3 below.

## 3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the 2010 annual financial statements, as described in those annual financial statements.

### Adoption of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)

The following amendments to standards are adopted by the Group for the Period:

HKFRS 3 (revised), “Business combinations”, and consequential amendments to HKAS 27, “Consolidated and separate financial statements”, HKAS 28, “Investments in associates”, and HKAS 31, “Interests in joint ventures”, are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2010

### 3 ACCOUNTING POLICIES (continued)

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The Group has not applied the following new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

HKFRS 9, "Financial instruments" addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess HKFRS 9's full impact. However, initial indications are that it may affect the Group's accounting for its available-for-sale financial assets, as HKFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

HKAS 24 (Revised) "Related party disclosures" supersedes HKAS 24 "Related party disclosures" issued in 2003. The revised HKAS 24 is required to be applied from 1 January 2011. Earlier application, for either the entire standard or the government-related entity, is permitted.

### 4 REVENUE

Revenue represents the income received and receivable on investments during the Period as follows:

	Six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Dividend income from listed investments	—	169
Dividend income from unlisted investments	—	322,685
Performance premiums from co-investment partners	<b>23,331</b>	112,720
Interest income	<b>6,004</b>	1,223
	<b>29,335</b>	436,797

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2010

### 5 SEGMENT INFORMATION

HKFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The chief operating decision maker has been identified as the board of directors (the “Board”). The Board assesses the operating segments using a measure of operating profit. The Group’s measurement policies for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements.

On adopting of HKFRS 8, based on the internal financial information reported to the Board for decisions about resources allocation to the Group’s business components and review of these components’ performance, the Group has identified only one operating segment, being investment holding. Accordingly, segment disclosures are not presented.

#### Geographical information

	<b>Six months ended 30 September</b>	
	2010	2009
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Revenue</b>		
Hong Kong	6,003	324,077
Mainland China	23,332	112,720
	<b>29,335</b>	<b>436,797</b>

In presenting the geographical information, revenue is based on the location of the investments or the co-investment partners.

	<b>Six months ended 30 September</b>	
	2010	2009
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Non-current assets other than financial instruments</b>		
Hong Kong	84,161	70,714
Mainland China	646	—
	<b>84,807</b>	<b>70,714</b>





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2010

### 5 SEGMENT INFORMATION (continued)

#### Information about major investments and co-investment partners

During the Period, loan interest income derived from one of the Group's investments which accounted for 10% or more of the Group's revenue amounted to approximately HK\$4,789,000 (2009: dividend income and loan interest income amount to approximately HK\$322,383,000).

During the Period, performance premiums derived from one of the Group's co-investment partners which accounted for 10% or more of the Group's revenue amounted to approximately HK\$23,331,000 (2009: HK\$75,611,000).

### 6 INCOME AND DEFERRED TAX

No provision for Hong Kong Profits Tax has been made since the Group has no assessable profits for the Period. (2009: nil).

No deferred tax asset has been recognised in the interim financial statements due to the unpredictability of future profit streams.

### 7 (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the Period is stated after charging:

	Six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	85	29
Investment management fee	11,582	7,687
Operating lease payments in respect of office premises	751	470
Staff costs (including directors' emoluments)		
Salaries and other benefits	4,841	3,891
Contributions to retirement benefits scheme	85	46
Equity-settled share-based compensation	5,785	—
	<b>10,711</b>	<b>3,937</b>

### 8 INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend in respect of the Period (2009: nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2010

### 9 (LOSS)/EARNINGS PER SHARE

(Loss)/earnings per share attributable to equity holders of the Company arises as follows:

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the Period by the weighted average number of ordinary shares in issue during the Period.

	<b>Six months ended 30 September</b>	
	<b>2010</b>	2009
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
(Loss)/Earnings for the Period	<b>(137,049)</b>	423,901
Weighted average number of ordinary shares in issue (in thousand)	<b>864,236</b>	784,500
Basic (loss)/earnings per share	<b>(15.86) cents</b>	54.03 cents



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2010

## 9 (LOSS)/EARNINGS PER SHARE (continued)

## (b) Dilutive (loss)/earnings per share

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. At 30 September 2010, the Group has one category of dilutive potential ordinary shares: stock options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the company's outstanding shares of the Period) based on the monetary value of the subscription rights attached to the stock options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the stock options.

	Six months ended 30 September 2010 (Unaudited) HK\$'000
Loss for the Period	(137,049)
Weighted average number of ordinary shares in issue (in thousand)	864,236
Adjustment for:	
Share options (in thousand)	1,748
Weighted average number of ordinary shares for diluted loss per share (in thousand)	865,984
Diluted loss per share	(15.83) cents

During the period ended 30 September 2009, the exercise price of the Company's share options was higher than the average market price for shares. Consequently, diluted earnings per share has not been presented as the Company's outstanding share options have no dilutive effect.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2010

### 10 PROPERTY, PLANT AND EQUIPMENT

Group

	Motor vehicle HK\$'000	Computer equipment HK\$'000	Office equipment HK\$'000	Furniture HK\$'000	Fixtures HK\$'000	Total HK\$'000
<b>Cost</b>						
At 1 April 2009 and 30 September 2009	—	21	2	64	110	197
<b>Accumulated depreciation</b>						
At 1 April 2009	—	2	—	16	36	54
Charge for the period	—	3	—	8	18	29
At 30 September 2009	—	5	—	24	54	83
<b>Carrying amount</b>						
At 30 September 2009	—	16	2	40	56	114
<b>Cost</b>						
At 1 April 2010	—	33	7	71	110	221
Additions	573	90	5	47	—	715
At 30 September 2010	573	123	12	118	110	936
<b>Accumulated depreciation</b>						
At 1 April 2010	—	8	1	33	71	113
Charge for the period	43	12	1	11	18	85
At 30 September 2010	43	20	2	44	89	198
<b>Carrying amount</b>						
At 30 September 2010	530	103	10	74	21	738





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2010

### 10 PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Computer equipment HK\$'000	Office equipment HK\$'000	Furniture HK\$'000	Fixtures HK\$'000	Total HK\$'000
<b>Cost</b>					
At 1 April 2009 and 30 September 2009	21	2	64	110	197
<b>Accumulated depreciation</b>					
At 1 April 2009	2	—	16	36	54
Charge for the period	3	—	8	18	29
At 30 September 2009	5	—	24	54	83
<b>Carrying amount</b>					
<b>At 30 September 2009</b>	16	2	40	56	114
<b>Cost</b>					
At 1 April 2010	33	7	71	110	221
Additions	16	—	—	—	16
At 30 September 2010	49	7	71	110	237
<b>Accumulated depreciation</b>					
At 1 April 2010	8	1	33	71	113
Charge for the period	4	1	9	18	32
At 30 September 2010	12	2	42	89	145
<b>Carrying amount</b>					
<b>At 30 September 2010</b>	37	5	29	21	92

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2010

### 11 INVESTMENTS IN ASSOCIATES

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Unlisted shares		
Share of net assets	<b>84,069</b>	82,643

Details of the Group's associates at 30 September 2010 are as follows:

Name of associate	Percentage of ownership interest	Carrying amount	
		At 30 September 2010 (Unaudited) HK\$'000	At 31 March 2010 (Audited) HK\$'000
CSOP Asset Management Limited	30% (31.3.2010: 30%)	<b>79,891</b>	79,454
OP Calypso Capital Limited ("CHK")	30% (31.3.2010: 30%) <i>(Note)</i>	<b>199</b>	238
OP Calypso Capital (Cayman) Limited ("CC")	30% (31.3.2010: 30%) <i>(Note)</i>	<b>5</b>	5
Guotai Junan Fund Management Limited	29.9% (31.3.2010: 29.9%)	<b>3,934</b>	2,906
Top Commodity Capital Management Limited	30% (31.3.2010: 30%)	<b>40</b>	40
		<b>84,069</b>	82,643

*Note:*

According to the Memorandum and Articles of Association of CHK and CC, each holder of ordinary shares is entitled to one vote for each ordinary share held. However, the holders of ordinary shares are not entitled to any dividend on their ordinary shares and the net profits of CHK and CC available for distribution by way of dividend are distributed among the holders of preference shares only.





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the six months ended 30 September 2010

12 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>30 September</b>	31 March
	<b>2010</b>	2010
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Unlisted equity securities, at fair value	<b>485,495</b>	414,602
Listed equity securities, at fair value	<b>65,923</b>	144,771
Unlisted debt securities, at fair value	<b>131,971</b>	130,545
	<b>683,389</b>	689,918

During the Period, net unrealised loss of approximately HK\$18,182,000 (2009: gain of approximately HK\$13,443,000) arising from changes in fair value of available-for-sale financial assets was recognised directly in the investment revaluation reserve.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2010

### 12 AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

Details of the Group's available-for-sale financial assets at 30 September 2010 are as follows:

Name of investee	Proportion of investee's capital owned	Carrying amount	
		At 30 September 2010 (Unaudited) HK\$'000	At 31 March 2010 (Audited) HK\$'000
<b><i>Unlisted equity securities</i></b>			
Thrive World Limited	10% of ordinary shares (31.3.2010: 10%)	<b>346,430</b>	323,824
CHK	100% of non-voting preference shares (31.3.2010: 100%)	<b>24,519</b>	11,119
CC	100% of non-voting preference shares (31.3.2010: 100%)	<b>44,684</b>	22,684
Crown Honor Holdings Limited ("CHHL")	30% of non-voting preference shares (31.3.2010: 30%)	<b>58,208</b>	56,975
Jin Dou Development Fund, L.P. ("Jin Dou")	9.09% of total contribution (31.3.2010: Nil)	<b>11,654</b>	—
<b><i>Listed equity securities</i></b>			
Kaisun Energy Group Limited ("Kaisun Energy")	6.11% of ordinary shares (31.3.2010: 6.40%)	<b>65,923</b>	144,771
<b><i>Unlisted debt securities</i></b>			
Convertible bonds issued by Kaisun Energy — debt component	N/A	<b>131,971</b>	130,545
		<b>683,389</b>	689,918



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
For the six months ended 30 September 2010

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Equity securities listed in Hong Kong, at fair value	6,200	4,750
Unlisted equity securities, at fair value	231	231
Unlisted equity securities with embedded derivative, at fair value	37,322	34,519
Unlisted investment funds, at fair value	264,549	286,294
Unlisted debt securities, at fair value	10,000	—
Derivatives, at fair value	55,314	169,950
	<b>373,616</b>	495,744
Analysed as:		
Current assets	314,932	332,824
Non-current assets	58,684	162,920
	<b>373,616</b>	495,744

During the six months ended 30 September 2010, net loss of approximately HK\$139,861,000 (2009: net gain of approximately HK\$9,155,000) arising from changes in fair value of financial assets at fair value through profit or loss was recognised in the condensed consolidated income statement.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2010

### 13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Details of the Group's financial assets at fair value through profit or loss at 30 September 2010 are as follows:

Name of investee	Proportion of investee's capital owned	Carrying amount	
		At 30 September 2010 (Unaudited) HK\$'000	At 31 March 2010 (Audited) HK\$'000
<b><i>Equity securities listed in Hong Kong</i></b>			
China Data Broadcasting Holdings Limited	1.57% of ordinary shares (31.3.2010: 1.57%)	6,200	4,750
<b><i>Unlisted equity securities</i></b>			
CHHL	30% of ordinary shares (31.3.2010: 30%)	231	231
<b><i>Unlisted equity securities with embedded derivatives</i></b>			
Preference shares issued by CHHL with embedded derivative of percentage adjustment	50% of non-voting preference shares (31.3.2010: 50%)	37,322	34,519
<b><i>Unlisted investment funds</i></b>			
Calypso Asia Fund	N/A	214,759	135,497
Greater China Select Fund	N/A	29,796	30,056
Greater China Special Value Fund	N/A	19,994	—
Asian Special Opportunities Fund	N/A	—	120,741
<b><i>Unlisted debt securities</i></b>			
Convertible bond issued by Glory Wing International Limited	N/A	10,000	—
<b><i>Derivatives</i></b>			
Profit guarantees provided by CHHL's founding shareholders	N/A	6,860	7,261
Convertible bonds issued by Kaisun Energy — derivative component	N/A	48,454	162,689
		<b>373,616</b>	<b>495,744</b>

For the description of the business and financial information of the investments, refer to the Company's 2010 annual report page 70 to 71.





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2010

### 14 OTHER FINANCIAL LIABILITIES

On 7 August 2008, the Group acquired 30% of the issued ordinary shares and 100% of the issued non-voting preference shares in each of CHK and CC.

The consideration comprised the initial issuance of 5.5 million new shares of the Company on 7 August 2008, and the issuance of additional 4.5 million consideration shares and the grant of consideration share options for 20 million shares (subject to the achievement of certain vesting conditions as described in the announcement of the Company dated 26 June 2008). Due to the vesting conditions were not fulfilled, the requirement of the issuance of additional 4.5 million consideration shares on 31 March 2009 and the granting of 10 million consideration share options on 30 June 2009 were discharged.

The remaining 10 million consideration share options were accounted for as derivatives. At 30 September 2010, the fair value of these remaining share options was nil (31 March 2010: nil), based on the directors' best estimate by using the Binomial Option Pricing Model.

During the period ended 30 September 2009, fair value gain of approximately HK\$2,418,000 arising from changes in fair value of other financial liabilities was recognised in the condensed consolidated income statement. During the Period, there is no fair value gain/loss on other financial liabilities.

### 15 SHARE CAPITAL

	Number of shares '000	HK\$'000 (unaudited)
Ordinary shares of HK\$0.10 each		
<i>Authorised:</i>		
At 1 April 2009, 30 September 2009 and 30 September 2010	2,000,000	200,000
<i>Issued and fully paid:</i>		
At 1 April 2009	700,500	70,050
Issue of shares for investments in associates and available-for-sale financial assets	5,500	550
Issue of shares by placing	78,500	7,850
At 30 September 2009	784,500	78,450
At 1 April 2010	784,500	78,450
Issue of shares by placing	156,900	15,690
At 30 September 2010	941,400	94,140

On 4 May 2010, 156,900,000 new ordinary shares were issued at the subscription price of HK\$1.9 per share. The new shares of HK\$0.10 each rank pari passu in all respects with the existing shares of the Company. The net proceeds from the placing (after deducting share issue expenses of HK\$15,035,000) was HK\$283,075,000 and resulted in an increase in share premium of HK\$267,385,000.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2010

### 16 SHARE OPTION SCHEME

Under the share option scheme adopted on 19 March 2003 and refreshed on 21 January 2008 (the "Share Option Scheme"), the Board may at any time following the date of adoption and before the tenth anniversary thereof, offer to grant to certain selected classes participants (including, among others, full-time employees) of the Company, an option to subscribe for shares as incentives or rewards for their contribution to the Company, subject to the stipulated terms and conditions. The scheme will remain in force for 10 years from the date of adoption.

The following table shows the movement of the Company's share options during the six months ended 30 September 2010:

Grantee	Date of share option granted	Outstanding at the beginning of the period	Granted during the period	Cancelled during the period	Outstanding at the end of the period	Exercise price (HK\$)	Exercise period
Directors	20.12.2007	2,000,000	—	—	2,000,000	1.974	20.12.2007 to 20.12.2010
Employees	20.12.2007	3,800,000	—	(3,800,000)	—	1.974	20.12.2007 to 20.12.2010
Directors of group companies	20.4.2010	—	3,500,000	—	3,500,000	1.64	20.4.2010 to 19.4.2015
Directors of group companies	20.4.2010	—	3,500,000	—	3,500,000	1.64	31.7.2010 to 19.4.2015
Directors of group companies	20.4.2010	—	1,750,000	—	1,750,000	1.64	31.12.2010 to 19.4.2015
Directors of group companies	20.4.2010	—	1,750,000	—	1,750,000	1.64	31.3.2011 to 19.4.2015
Directors of group companies	20.4.2010	—	3,500,000	—	3,500,000	1.64	31.12.2012 to 19.4.2015
Employees	20.4.2010	—	2,550,000	—	2,550,000	1.64	20.4.2010 to 19.4.2015
Employees	20.4.2010	—	1,750,000	—	1,750,000	1.64	31.7.2010 to 19.4.2015
Employees	20.4.2010	—	1,750,000	—	1,750,000	1.64	31.3.2011 to 19.4.2015
Employees	20.4.2010	—	1,750,000	—	1,750,000	1.64	31.12.2012 to 19.4.2015
Consultant	20.4.2010	—	2,000,000	—	2,000,000	1.64	31.7.2010 to 19.4.2015
Consultant	20.4.2010	—	2,000,000	—	2,000,000	1.64	30.6.2011 to 19.4.2015
Consultant	20.4.2010	—	3,000,000	—	3,000,000	1.64	31.12.2012 to 19.4.2015
		5,800,000	28,800,000	(3,800,000)	30,800,000		



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2010

### 16 SHARE OPTION SCHEME (continued)

Movement of the Company's share options during the six months ended 30 September 2009:

Grantee	Date of share option granted	Outstanding at the beginning of the period	Granted during the period	Cancelled during the period	Outstanding at the end of the period	Exercise price (HK\$)	Exercise period
Directors	20.12.2007	2,000,000	—	—	2,000,000	1.974	20.12.2007 to 20.12.2010
Employees	20.12.2007	3,800,000	—	—	3,800,000	1.974	20.12.2007 to 20.12.2010
		5,800,000	—	—	5,800,000		

Notes:

- (a) The closing price of the ordinary shares of the Company immediately before the date on which the options were granted was HK\$1.64 on 20 April 2010.
- (b) The Black-Scholes Option Pricing Model has been used to estimate the fair value of the options with the following variables and assumption. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

Risk free interest rate:	2.027%
Expected volatility:	97.288%
Expected life of the options:	5 years from the date of grant
Expected dividend yield:	2.423%

Options forfeited, if any, before the expiry of the options will be treated as lapsed options which will be added back to the number of ordinary shares available to be issued under the share option scheme.

### 17 NET ASSET VALUE PER SHARE

The net asset value per share is calculated by dividing the net asset value of the Group at 30 September 2010 of approximately HK\$1,613,891,000 (31 March 2010: approximately HK\$1,480,099,000) by the number of ordinary shares in issue at that date, being 941,400,000 (31 March 2010: 784,500,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2010

## 18 LEASE COMMITMENTS

The Group's total future minimum lease payments under non-cancellable operating lease for the premises at the reporting dates are payable as follows:

	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Audited) HK\$'000
Within one year	780	—
In the second to fifth years inclusive	105	—
	<b>885</b>	—

## 19 RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the Interim Financial Report, the Group had the following transactions and balances with its related parties:

## (a) Transactions and balances with related parties

- During the six months ended 30 September 2010, investment management fee of approximately HK\$11,582,000 (2009: approximately HK\$7,687,000) were charged by Oriental Patron Asia Limited ("OPAL", trading as Oriental Patron Fund Management for its fund management activities), which is the investment manager of the Company and is a wholly owned subsidiary of Oriental Patron Financial Services Group Limited ("OPFSGL"). OPAL is a related company; as the directors, Mr. ZHANG Zhi Ping and Mr. ZHONG Gaobo have significant influence in OPFSGL. The investment management fee was charged in accordance with the agreement with OPAL for investment management services and was calculated at 1.5% per annum on the net asset value of the Group at each preceding month end as defined in the agreement.

At 30 September 2010, investment management fee payable of approximately HK\$1,935,000 (at 31 March 2010: approximately HK\$1,737,000) was included in accrued charges.

- During the six months ended 30 September 2010, the Group paid rental expense of approximately HK\$491,000 (2009: HK\$470,000) to Oriental Patron Finance Limited ("OPFL") for office premises. OPFL is a related company; its directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have significant influence in OPFL.
- At 30 September 2010, included in accrued charges are amounts in aggregate of HK\$425,000 (at 31 March 2010: nil) representing accrued directors' fees due to the Company's non-executive director and independent non-executive directors.





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 30 September 2010

### 19 RELATED PARTY TRANSACTIONS (continued)

#### (b) Compensation of directors and senior management

	Six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Salaries and other short-term employee benefits	545	395
Contributions to retirement benefits scheme	6	6
Equity-settled share-based payment	5,785	—
	<b>6,336</b>	401

### 20 APPROVAL OF INTERIM FINANCIAL REPORT

The Interim Financial Report was approved and authorised for issue by the Board on 25 November 2010.