OP FINANCIAL INVESTMENTS LIMITED
東英金融投資有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1140)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

RESULTS

The Board of Directors (the "Board" or the "Directors") of OP Financial Investments Limited (the "Company") is pleased to announce the unaudited condensed results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2011 with comparative figures for the corresponding period in 2010 and selected explanatory notes as follows.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

		Six months ended 30 September	
		2011	2010
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**28,105**	29,335
Net loss on financial assets at fair value through profit or loss		**(76,587)**	(139,861)
Gain on disposal of subsidiary		**–**	1,074
Loss on disposal of associate		**(1)**	–
Impairment loss on available-for-sale financial assets		**(25,200)**	–
Equity-settled share-based payments		**(672)**	(5,948)
Administrative expenses		**(19,721)**	(23,075)
Loss from operations		**(94,076)**	(138,475)
Share of results of associates		**105**	1,426

* *For identification purpose only*

	Note	Six months ended 30 September 2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000
Loss before tax		**(93,971)**	(137,049)
Income tax	*5*	**418**	–
Loss for the period	*6*	**(93,553)**	(137,049)
Other comprehensive income			
Foreign currency translation		**31**	–
Available-for-sale financial assets:			
Fair value changes during the period		**(116,636)**	(18,182)
Impairment loss on available-for-sale financial assets		**25,200**	–
Net other comprehensive income for the period		**(91,405)**	(18,182)
Total comprehensive income for the period		**(184,958)**	(155,231)
Loss per share			
Basic	*7(a)*	**(9.94) cents**	(15.86) cents
Diluted	*7(b)*	**(9.94) cents**	(15.83) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2011

	Note	30 September 2011 (Unaudited) HK$'000	31 March 2011 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**55**	661
Investments in associates		**86,058**	85,991
Available-for-sale financial assets		**546,624**	662,653
Financial assets at fair value through profit or loss		**14,387**	38,491
Loans receivable	*8*	**–**	5,000
Interest receivable		**19,312**	14,817
		666,436	807,613
Current assets			
Financial assets at fair value through profit or loss		**281,049**	333,890
Accounts and loans receivable	*8*	**87,163**	72,197
Interest receivable		**2,515**	933
Prepayments and other receivables		**333**	457
Tax recoverable		**4,762**	4,762
Bank deposits		**–**	11,584
Bank and cash balances		**367,674**	365,328
		743,496	789,151
Assets of disposal entity classified as held for sale		**595**	–
TOTAL ASSETS		**1,410,527**	1,596,764
Capital and reserves			
Share capital		**94,140**	94,140
Reserves		**1,309,862**	1,494,148
TOTAL EQUITY		**1,404,002**	1,588,288

	Note	30 September 2011 (Unaudited) HK$'000	31 March 2011 (Audited) HK$'000
Current liabilities			
Other payables		**2,640**	4,303
Tax payable		**3,755**	4,173
		6,395	8,476
Liabilities of disposal entity classified as held for sale		**130**	–
TOTAL LIABILITIES		**6,525**	8,476
TOTAL EQUITY AND LIABILITIES		**1,410,527**	1,596,764
NET ASSETS		**1,404,002**	1,588,288
Net asset value per share	*9*	**HK$1.49**	HK$1.69

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial information ("Interim Financial Report") for the six months ended 30 September 2011 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 annual financial statements for the year ended 31 March 2011. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 March 2011, except as stated in note 2 below.

2 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2011, as described in those annual financial statements.

Adoption of new and revised Hong Kong Financial Reporting Standard (HKFRSs)

The following new standards and amendments to standards are adopted by the Group for the current financial period:

HKAS 24 (revised), "Related Party Disclosures", issued in November 2009, is mandatory for periods beginning on or after 1 January 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The amendment does not have any financial impact on the Group.

Amendment to HKAS 34 "Interim financial reporting", issued in May 2010 is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

i) HKFRS 9, 'Financial Instruments' which will be effective on 1 January 2013 but is proposed to be postponed to 1 January 2015. The first part of HKFRS 9 was issued in November 2009 and will replace those parts of HKAS 39 relating to the classification and measurement of financial assets. In November 2010, a further pronouncement was published to address financial liabilities and derecognition. Key features are as follows:

Classification and Measurement

Financial assets are required to be classified into one of the following measurement categories:

(1) those to be measured subsequently at fair value or (2) those to be measured subsequently at amortised cost. Classification is to be made on transition, and subsequently on initial recognition.

The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

A financial instrument is subsequently measured at amortised cost only if it is a debt instrument, and the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only unleveraged payments of principal and interest. All other debt instruments are to be measured at fair value through profit or loss.

All equity instruments are to be measured subsequently at fair value. Equity instrument that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than consolidated statement of comprehensive income. Once elected to be recognised through other comprehensive income, there will be no reclassification of fair value gains and losses to consolidated statement of comprehensive income. Dividends are to be presented in consolidated statement of comprehensive income as long as they represent a return on investment.

Financial Liabilities and Derecognition

Except for the two substantial changes described below, the classification and measurement requirements of financial liabilities have been basically carried forward with little amendments from HKAS 39. For the derecognition principles, they are consistent with that of HKAS 39.

The requirements related to the fair value option for financial liabilities were changed to address own credit risk. It requires the amount of change in fair value attributable to changes in the credit risk of the liability be presented in other comprehensive income. The remaining amount of the total gain or loss is included in consolidated statement of comprehensive income. If this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in consolidated statement of comprehensive income. The determination of whether there will be a mismatch will need to be made at initial recognition of individual liabilities and will not be re-assessed. Amounts presented in other comprehensive income are not subsequently reclassified to consolidated statement of comprehensive income but may be transferred within equity.

The standard eliminates the exception from fair value measurement contained in HKAS 39 for derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument.

ii) HKFRS 7 (Amendment) 'Disclosures – Transfers of financial assets' introduces new disclosure requirement on transfers of financial assets. Disclosure is required by class of asset of the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's consolidated statement of financial position. The gain or loss on the transferred assets and any retained interest in those assets must be given. In addition, other disclosures must enable users to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. The disclosures must be presented by type of ongoing involvement. For example, the retained exposure could be presented by type of financial instrument (such as guarantees, call or put options), or by type of transfer (such as factoring of receivables, securitisations or securities lending). The amendment is applicable to annual periods beginning on or after 1 July 2011 with early adoption permitted and only results in additional disclosures.

iii) HKFRS 10 "Consolidated financial statements" is effective for annual periods beginning on or after 1 January 2013. It replaces all of the guidance on control and consolidation in HKAS 27, "Consolidated and separate financial statements", and HK(SIC)-12, "Consolidation – special purpose entities". HKAS 27 is renamed 'Separate financial statements', and it continues to be a standard dealing solely with separate financial statements. The existing guidance for separate financial statements is unchanged.

The revised definition of control under HKFRS 10 focuses on the need to have both power and variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. The determination of power is based on current facts and circumstances and is continuously assessed. The fact that control is intended to be temporary does not obviate the requirement to consolidate any investee under the control of the investor. Voting rights or contractual rights may be evidence of power, or a combination of the two may give an investor power. Power does not have to be exercised. HKFRS 10 includes guidance on 'de facto' control, participating and protective rights and agent/principal relationships.

iv) HKFRS 13 "Fair value measurements" is effective for annual periods beginning on or after 1 January 2013. It explains how to measure fair value and aims to enhance fair value disclosures. It does not say when to measure fair value or require additional fair value measurements. It does not apply to transactions within the scope of HKFRS 2, "Share-based payment", or HKFRS 17, "Leases", or to certain other measurements that are required by other standards and are similar to, but are not, fair value (for example, value in use in HKAS 36, 'Impairment of assets').

The Group is in the process of making an assessment of what the impacts of the above new standards are expected to be in their respective period of initial application.

3 REVENUE

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

	Six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividend income from unlisted investments	**5,000**	–
Performance premiums	**15,098**	23,331
Interest income	**8,007**	6,004
	28,105	29,335

4 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. 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

	Six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Hong Kong	**11,736**	6,003
Mainland China	**16,369**	23,332
	28,105	29,335

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

	Six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Non-current assets other than financial instruments		
Hong Kong	**86,113**	84,161
Mainland China	**–**	646
	86,113	84,807

Information about major investments and co-investment partners

During the period, dividend income and loan interest income derived from two of the Group's investments which each of them accounted for 10% or more of the Group's revenue and totally amounted to approximately HK$9,789,000 (2010: loan interest income from one of the Group's investments amount to approximately HK$4,789,000).

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$15,098,000 (2010: HK$23,331,000).

5 INCOME AND DEFERRED TAX

	Six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax credit	**418**	–

The current tax credit represents a write-back of Hong Kong Profits Tax previously over-provided. The tax credit is provided at a rate of 16.5% (2010: 16.5%).

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

6 LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging/(crediting) the followings:

	Six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**107**	85
Investment management fee	**11,773**	11,582
Foreign currency translations	**(2,413)**	148
Operating lease payments in respect of office premises	**1,283**	751
Staff costs (including directors' emoluments)		
Salaries and other benefits	**7,558**	4,841
Contributions to retirement benefits scheme	**77**	85
Equity-settled share based compensation	**672**	5,785
	8,307	10,711

7 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period	**(93,553)**	(137,049)
Weighted average number of ordinary shares in issue (in thousand)	**941,400**	864,236
Basic loss per share	**(9.94) cents**	(15.86) cents

(b) Diluted loss per share

Diluted loss per share for the six-months ended 30 September 2011 was the same as the basic loss per share as the Company's outstanding share options had anti-dilutive effect for the six-months ended 30 September 2011 as assumed issue of ordinary shares would reduce loss per share.

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

8 ACCOUNTS AND LOANS RECEIVABLE

	30 September 2011 (Unaudited) ***HK$'000***	31 March 2011 (Unaudited) *HK$'000*
Accounts receivable	**18,790**	11,060
Amounts due from associates	**37**	37
Loan to an investee, repayable within one year	**63,336**	61,100
Loan to an associate, repayable within one year	**1,500**	–
Other loan, repayable within one year	**3,500**	–
Loan to an associate, not repayable within one year	**–**	1,500
Other loan, not repayable within one year	**–**	3,500
	87,163	77,197

9 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 2011 of approximately HK$1,404,002,000 (31 March 2011: approximately HK$1,588,288,000) by the number of ordinary shares in issue at that date, being 941,400,000 (31 March 2011: 941,400,000).

EXTRACT OF INDEPENDENT AUDITOR'S REVIEW REPORT

Basis for Qualified Conclusion

As shown in note 13 and 14 to the condensed consolidated interim financial information, as at 30 September 2011, the Company's investment in Crown Honor Holdings Ltd. ("Crown Honor"), an investee, comprises ordinary shares, non-voting preference shares and the profit guarantee of Crown Honor which were stated at fair value of approximately HK$230,545, HK$95,529,850 and HK$6,860,388, respectively. As shown in note 15 to the condensed consolidated interim financial information, the Company had a loan to Crown Honor of approximately HK$63,336,000 as at 30 September 2011. In addition, included in the interest receivable within current assets as at 30 September 2011 was HK$1,950,000 interest receivable with respect to the loan to Crown Honor. We were unable to complete our review of the investment in and the recoverable amount of the loan to Crown Honor and corresponding interest receivable as at 30 September 2011. Had we been able to complete our review of the investment in and the recoverable amount of the loan to Crown Honor and the corresponding interest receivable, matters might have come to our attention indicating that adjustments might be necessary to the condensed consolidated interim financial information.

Qualified Conclusion

Except for the adjustments to the condensed consolidated interim financial information that we might have become aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend for the period (2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

OP Financial Investments Limited ("OP Financial") is a Hong Kong listed investment company with the mandate to invest in a variety of 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 who target 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.

Our two main investment focuses are "Direct Investment Solutions" 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 global investments include strategic resources and related businesses, but they may also include high growth medium-size 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.

Investment Review

Investment Holdings as at

	30 September 2011 (Unaudited) ***HK$'000***	31 March 2011 (Audited) *HK$'000*
Direct Investment Solutions		
Kaisun Energy		
Equity	**28,404**	52,997
Convertible Bond	**128,601**	154,820
Interest receivable	**19,312**	14,523
	176,317	222,340
Nobel Oil	**265,258**	332,227
Meichen		
Equity	**95,760**	95,760
Profit Guarantee	**6,860**	6,860
	102,620	102,620
Glory Wing		
Convertible Bond	**13,063**	17,479
Interest receivable	**144**	294
	13,207	17,773
Jin Dou	**8,644**	9,580
Total Direct Investment Solutions	**566,046**	684,540

	30 September 2011 (Unaudited) *HK$'000*	31 March 2011 (Audited) *HK$'000*
Financial Services Platform		
Partnerships with Major Players		
CSOP Asset Management	**82,384**	81,725
Guotai Junan Fund Management	**3,414**	3,968
TOP Commodity Capital Management	**–**	38
OP Investment Management Group	**58,864**	75,864
	144,662	161,595
Integrated Fund Solutions		
Calypso Asia Fund	**124,105**	142,765
Greater China Select Fund	**23,898**	29,023
Greater China Special Value Fund	**79,863**	109,170
	227,866	280,958
Total Financial Services Platform	**372,528**	442,553
Other Investments		
China Data Broadcasting	**9,000**	8,750
Total Other Investments	**9,000**	8,750

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 total resources reserves of 130.65 million tonnes as well as a coal and anthracite mines in Tajikistan. As at 30 September 2011, Kaisun Energy's share price closed at HK$0.22 per share down from HK$0.41 per share as at 31 March 2011. We purchased additional 2,850,000 shares at average price of $0.213 per share for a consideration of HK$0.6 million. The equity portion of the Group's investment in Kaisun Energy is now valued at HK$28.4 million. The stock price decline also reduced the valuation of our convertible bonds in the company by 16.94% from HK$154.82 million to HK$128.60 million.

On 15 June 2011, Kaisun Energy announced plans to sell its 70% equity interest in Inner Mongolia Minerals Limited, which operates the Mengxi Mine, to Otog Banner Xin Ya Coking Coal Co., Ltd for a cash consideration of approximately HK$976 million. In light of the uncertainties brought by recent consolidated policies of smaller coal mining operation in Inner Mongolia, we believe this proposed disposal is in the best interest of Kaisun Energy. We believe Kaisun Energy's management can better utilize the capital with new investments rather than to expand the current operations, since current industry consolidation policies pose significant challenges to operators of this size. Kaisun Energy has earmarked sufficient proceeds to meeting repayment obligations for our convertible bond investment in the company. The sale proceed can provide Kaisun Energy's management additional resources to acquire new assets at increasingly attractive prices in the current regional economic slowdown.

Nobel Oil

The Group holds a co-investment vehicle with China Investment Corporation ("CIC"), called Thrive World Ltd. It cumulatively represents a 50% equity interest in Nobel Holdings Investments Ltd ("Nobel Oil") initiated September 2009. As one of the largest independent upstream producers in Russia, Nobel Oil's principal assets are its nine subsoil licenses covering seven oil fields, in varying stages of development and production, and two exploration areas. According to the reserves report as of 30 June 2011 by independent consultant M&L, it holds aggregated reserves of 118.6 million barrels (MMbbls) of proved, 237.4 MMbbls. of proved and probable and 466.2 MMbbls. of proved, probable and possible reserves.

The value of our effective holding of 5% in Nobel Oil fell from HK$332.23 million to HK$265.26 million during the six months ended 30 September 2011. Unaudited results of Nobel Oil for the six months ended 30 June 2011 show significant improvements in turnover rising from US$76 million to US$115 million; and improvements in profitability from a loss of US$2.5 million to a profit of US$14.6 million. However, lower projected global growth is affecting industry wide valuations, and the valuation of our holdings in Nobel Oil has been adjusted accordingly. Volatility stemming from the European sovereign debt crisis has halted most IPO activities in Q3 2011, and the management of Nobel Oil has postponed its listing plans to 2012.

Meichen

Our net position in Meichen Finance Group Ltd., ("Meichen") held via investment vehicle, Crown Honor Holdings Ltd, remained unchanged at HK$102.62 million as at 30 September 2011.

The audit of the consolidated financial statement of Meichen for its year ended 31 December 2010, the basis of its valuation, was not yet finalized by the date of this financial report. Thus, the current valuation has been carried over from our previous audit report, which was based on the most recent independent valuation report. The Board considers this metric as the best estimated fair value of our investments in Meichen.

According to its unaudited financial statements for the six months ended 30 June 2011, Meichen reported revenue of RMB225.34 million, which represents a growth of 152% as compared to its revenue of RMB89.67 million for the six months ended 30 June 2010.

Meichen is operating across 11 provinces, and Guangdong accounts for over 66% of its revenue. Auto insurance, its core business, accounts for over 60% of its revenue. High growth in property insurance accounts for 30% of its revenue. Meichen continues to expand its life insurance division, growing revenues to RMB22 million in the first half of 2011. During 2011, Meichen continues to improve its product diversification program alongside a newly implemented software system which shall assist its agents through a centralized customer and product management network accessible nationwide.

Meichen's management has no immediate plans for listing, but it may seek new capital to finance its expansion plans moving forward.

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.

The fair value of the convertible bonds held by the Group has decreased from HK$17.48 million to HK$13.06 million for the six months ended 30 September 2011. This adjustment was primarily due to an increase in extraction costs and production schedule extended from five years to eight years. Based on John T. Boyd Company's (JTB) current technical report, the Mine holds measured and indicated resources of 3.19 million tonnes at an average grade of 50.4% Fe. Measured, indicated, and inferred resources total 5.64 million tonnes.

Jin Dou

In September 2010, we formed a co-investment vehicle with CIC, named Jin Dou Development Fund L.P. ("Jin Dou"). Its purpose is to explore agricultural investment opportunities in Kazakhstan with local partners with the long term goal of creating a new regional source of food commodities to meet the growing demand from surrounding countries. CIC and OP Financial contributed US$15 million and US$1.5 million respectively to the project, whose proceeds were to fund feasibility trials to assess crop yield diversification. The first project tested for soya bean production on a trial plot of approximately 2000 ha.

In 2011, the local partners have reported to us that the trial was successful and there is commercial viability for food production. They intend to initiate the commercialization phase of the project and have engaged a leading agriculture irrigation systems company from China and a leading Chinese agricultural machinery and equipment manufacturer to explore both production and logistics solutions into the western border of Xinjiang. They are also working closely with the Kazakhstan government to facilitate expansion plans, scheduling a commercial scale operation to launch in 2012 once new capital for the next phase is secured.

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$5.92 billion. Aggregate results of the four companies attributable to the Group was approximately HK$0.1 million for the six months ended 30 September 2011.

During the period, the MSCI World Index declined more than 10%, and the asset management industry in Asian markets was challenging. The carrying amount of the investments in partnering fund managers, CSOP and Guotai Junan Fund Management Company as at 30 September 2011 was HK$85.80 million (31 March 2011: HK$85.70 million). OP Financial also holds non-controlling preference shares in two investment management companies, which are OP Investment Management Limited (formerly OP Calypso Capital Limited) and OP Investment Management (Cayman) Limited (formerly OP Calypso Capital (Cayman) Limited) (together "OP Investment Management Group"). The total carrying amount of the non-controlling preference shares in OP Investment Management Group fell 22.49% from HK$75.60 million to HK$58.60 million during the period.

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 invested in three funds managed by OP Investment Management Group, which the total carrying amount fell 18.9% from HK$280.96 million to HK$227.87 million during the period.

In Closing

Our direct investments were inadvertently delayed by the bearish market forces in the third quarter, however, the underlying fundamentals of our investments remain strong and we have limited leverage. In fact, Kaisun Energy, by proceeding with the disposal, shall have its cash position increased significantly, and hence be less affected by both government consolidation policies and wider market turbulence. Meanwhile, though Nobel Oil faces unfavourable market conditions, the business has turned more profitable and maintains support from CIC.

Our healthy cash position combined with our low leverage policy, gives us substantial purchasing power moving into the new year as the pricing for new investment opportunities may become more attractive.

FINANCIAL REVIEW

Financial Position

Net asset value: The Group's net assets as at 30 September 2011 decreased by 11.6% from HK$1.59 billion to HK$1.4 billion during the period. Meanwhile, the NAV per share decreased from HK$1.69 to HK$1.49 during the period mainly due to revaluations of investments.

Gearing: The gearing ratio, which is calculated on the basis of total liabilities over total equity as at 30 September 2011, was 0.005 (31 March 2011: 0.005). We are currently maintaining a low leverage policy for our investments. While some debt financing instruments may be used at the investment level, we still expect to maintain debt to a minimum at the Group level for the remaining of the year.

Investments in associates: Representing mainly 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$85.80 million as at 30 September 2011 (31 March 2011: HK$85.70 million) reflecting stable operating performance of our investees for the period.

Available-for-sale financial assets: A 17.5% decline from HK$662.65 million to HK$546.62 million during the period was mainly due to the decline in value of our investments in Nobel Oil and Kaisun Energy equity position. OP Investment Management Group, our asset management company, reported less profit and lower fees due to pressures from a more volatile market beginning July 2011.

Financial assets at fair value through profit or loss: The decrease from HK$372.38 million to HK$295.44 million during the six months ended 30 September 2011 was primarily due to (1) the decline in value for the derivative component of our Kaisun Energy convertible bond by 94.7% from HK$20.78 million to HK$1.09 million; (2) the decline in value of our investments in funds by 18.9% from HK$280.96 million to HK$227.87 million; and (3) the decline in value of our Glory Wing convertible bond from HK$17.48 million to HK$13.06 million. Investments in Meichen via Crown Honor Holdings Limited remain unchanged.

Interest receivable: Comprising accrued interest of our convertible bond investments in Glory Wing, Kaisun Energy, and loan to Meichen. The amount has increased 38.6% from HK$15.75 million as at 31 March 2011 to HK$21.83 million as at 30 September 2011.

Bank and cash balances: As at 30 September 2011, the Group had bank deposits and cash balances of HK$367.67 million (31 March 2011: HK$376.91 million).

Results

The Group has made significant developments in our direct investment projects. However, challenging market conditions created a difficult environment for our main investments in Kaisun Energy and investment funds, and directly impacted our performance for this interim period. The Group incurred a net loss of HK$93.55 million (30 September 2010: loss of HK$137.05 million), which includes an impairment of HK$25.2 million in Kaisun Energy's ordinary shares as well as a fair value loss of HK$19.69 million on conversion portion of Kaisun Energy's convertible bond. Consequently, net assets fell to approximately HK$1.40 billion, or a net decrease of 11.60%. The Group incurred a basic loss per share of HK$9.94 cents for the six months ended 30 September 2011 compared to a loss per share of HK$15.86 cents for the six months ended 30 September 2010.

Consolidated Statement of Comprehensive Income

Revenue, for the six months ended 30 September was as follows:

	2011 **(Unaudited)** ***HK$'000***	2010 (Unaudited) *HK$'000*
Dividend income from unlisted investments[(1)]	**5,000**	–
Performance premiums from co-investment partner[(2)]	**15,098**	23,331
Interest income[(3)]	**8,007**	6,004
Total	**28,105**	29,335

(1) OP Investment Management (Cayman) Limited issued a dividend of HK$5 million during the period.

(2) CIC, co-investment partner, in both the agriculture partnership and Nobel Oil projects awarded performance premiums totalling HK$15.1 million to the Group in return for our resources devoted to the investment projects. Jin Dou accounted for approximately HK$7.76 million, while Nobel Oil accounted for the remaining HK$7.34 million.

(3) Interest income of approximately HK$8 million (2010: HK$6 million) is derived from convertible bond investments via Glory Wing and Kaisun Energy, our loan to Meichen, and term deposits in banks.

Net loss 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$19.69 million and (ii) the cumulative losses of HK$53.09 million in the Group's investment funds managed by OP Investment Management Group.

Impairment loss on available-for-sale financial assets: Due to the prolonged decrease in the fair value of the Group's investment in the ordinary shares of Kaisun Energy from its investment cost, an impairment loss of HK$25.2 million was recognised which represented the difference between the fair values of Kaisun Energy shares as at 31 March 2011 and 30 September 2011.

Equity-settled share-based payments: This represents the value of share options vested during the interim period. These share options were granted to certain directors and employees on 20 April 2010, which are vested over 5 years from the grant date.

Administrative expenses: The decrease in total expenses to HK$19.72 million is mainly the result of foreign exchange gains from RMB-denominated loan to Meichen.

Share of results of associates: A net amount of approximately HK$0.1 million (2010: HK$1.43 million) accounted for our share of results of associates such as CSOP and Guotai Junan. These companies generate revenue based on management and performance fees according to assets under management.

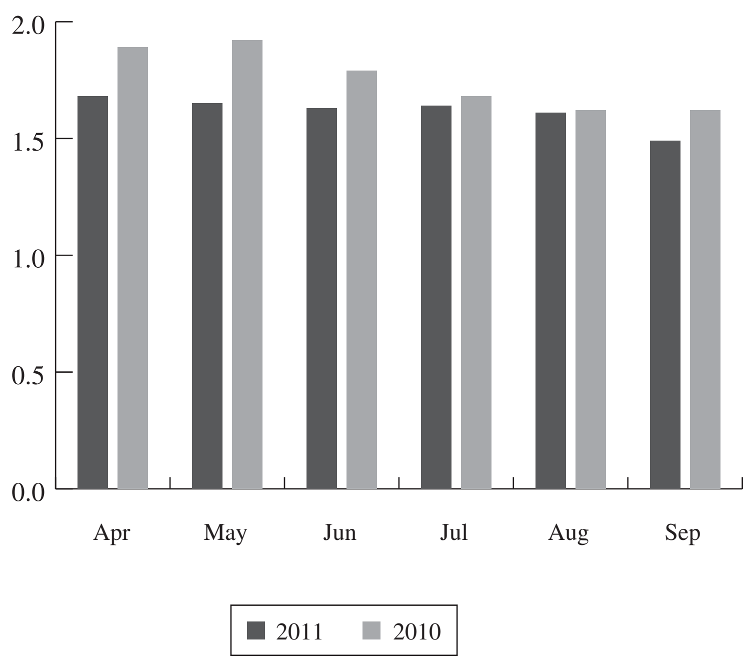
Income tax: The Group incurred a nominal write-back of HK$0.4 million for taxes over-provided in the previous year. The group has otherwise incurred no income taxes as there were no assessable profits for the period.

Other comprehensive income: Changes to the Group's NAV, otherwise not accounted for in "loss for the period", are found in "other comprehensive income". The loss of HK$91.41 million is net of (1) unrealized losses from long term investments by HK$116.64 million, mainly includes a decline in fair value of Nobel Oil; and (2) impairment loss on available-for-sale financial assets transferred to "loss for the period" of HK$25.2 million. Combining with the "loss for the period", the total comprehensive income for the period was a loss of HK$184.96 million.

Fair Value Changes for the six months ended 30 September

	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Nobel Oil	**(66,969)**	22,607
Kaisun Energy – Ordinary Shares	**(25,200)**	(78,849)
Kaisun Energy – Convertible Bond Borrowing Portion	**(6,531)**	1,427
OP Investment Management Group	**(17,000)**	35,400
Jin Dou	**(936)**	–
Meichen	**–**	1,233
Fair value decrease	**(116,636)**	(18,182)
Impairment loss on Kaisun Energy – Ordinary Shares	**25,200**	–
	(91,436)	(18,182)

Net Asset Value per Share (in HK$)



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 interim period, the Group continued to maintain a significant balance of cash and cash equivalents. As at 30 September 2011, the Group had cash and bank balances of HK$367.67 million (31 March 2011: HK$376.91 million).

The Group had no bank borrowings and did not pledge any assets as collateral for overdrafts or other loan facilities during the period under review. 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 116 times (31 March 2011: 93 times). For further analysis of the Group's cash position, 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

As at 30 September 2011, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK$1.40 billion (31 March 2011: HK$1.59 billion) and 941.40 million (31 March 2011: 941.40 million), respectively.

EMPLOYEES

During the interim period, the Group had 19 (2010: 15) employees, including directors. Total staff costs for the six months ended 30 September 2011 amounted to HK$8.31 million (2010: HK$10.71 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 mainly 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 2011, 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

The Company or any of its subsidiaries has not purchased, sold or redeemed any of the Company's shares during the interim period.

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 LISTED ISSUERS ("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.

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.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.opfin.com.hk). The Group's Interim Financial Report for 2011 will be dispatched to the shareholders of the Company and available on the above websites in due course.

REVIEW OF ACCOUNTS

The external auditor has reviewed the interim financial information for the 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.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Zhang Zhi Ping and Mr. Zhang Gaobo; a non-executive Director, namely, Mr. Liu Hongru; and three independent non-executive Directors, namely, Mr. Kwong Che Keung, Gordon, Professor He Jia and Mr. Wang Xiaojun.

By order of the Board
ZHANG Gaobo
Executive Director and CEO

Hong Kong SAR, 23 November 2011