

東英 ORIENTAL
PATRON

OP FINANCIAL INVESTMENTS LIMITED

STOCK CODE: 1140

Riding Tide

Interim Report 2008



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Corporate Information

Board of Directors

Executive Directors

Mr. ZHANG Zhi Ping

Mr. ZHANG Gaobo

Non-executive Director

Mr. LIU Hongru

Mr. ZHANG Huaqiao

(resigned on 3 October 2008)

Independent Non-executive Directors

Mr. KWONG Che Keung, Gordon

Prof. HE Jia

Mr. WANG Xiaojun

Qualified Accountant

Ms. WONG Hiu Ling

Company Secretary

Ms. TAM Yuen Wah

Investment Manager

Oriental Patron Fund Management

Legal Advisers

Hong Kong Law

Chiu & Partners

Cayman Islands Law

Maples and Calder Asia

Auditors

RSM Nelson Wheeler

Principal Banker

Standard Chartered Bank

Industrial and Commercial Bank of
China (Asia) Limited

Custodian

Standard Chartered Bank

Principal Registrars

Butterfield Fulcrum Group (Cayman)

Limited

Butterfield House

68 Fort Street

P.O. Box 705

KY1-1107, Grand Cayman

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

Stock Code

The Stock Exchange of Hong Kong

Limited

Code: 1140

Website

www.opfin.com.hk

Chairman's Statement

In the first half of the year, we experienced the shockwaves of financial tsunami worldwide. With the impact of the tsunami, the world economies and financial structures are undergoing an unprecedented reform. Looking beyond the crisis, we see tremendous opportunities.

During the tsunami, a large number of renowned financial institutions have collapsed for the fragile but huge debts built on greed. However, what will never collapse is the demand for the basic financial services. When the crisis is over, the Chinese will be making investments overseas, and foreign investors will continue to invest in the Chinese market. There are always needs for quality financial services. To be ready for the improvement in the Asian financial service infrastructure, OP Financial will strive to build and strengthen its financial platform to facilitate investment in the region.

To date, OP Financial has invested in CSOP Asset Management Limited, Guotai Junan Fund Management Limited and Calypso Capital Group. We believe that these asset management platforms will bring long-term and steady management-fee-based income to the Group. OP Financial has also invested seed capital in selected funds to incubate these asset management platforms, and at the same time, to gain appreciation from such investments.

The management team of OP Financial has been successful at capturing the market opportunities by applying the unique PEIB investment approach. Not only do we have to make the best use of our capital, but more importantly, we need to apply our knowledge and experience in investment banking gained over the years. We have been able to turn shareholders' fund into the smartest money, and have created substantial value for the shareholders. (For the details of investments during the period, please refer to "Investment Review".)

Through our hard work in the past six months, we managed to increase the net asset value of the Company from HK\$1.07 per share to HK\$1.22 per share despite the poor sentiment in the market.

Looking forward, the market will continue to fluctuate in the short run, but excellent investment opportunities will continue to arise. We will diligently pursue the goals of incubating a comprehensive financial services platform for bringing in steady fee-based income and making the best use of the PEIB investment approach to achieve the best return on investments for the shareholders.

The financial tsunami just would not stop us. It is OP Financial's spirit of fearing no difficulties but meeting every challenge along the way of riding tide.

Management Discussion and Analysis

The board of directors (the “Board” or the “Directors”) of OP Financial Investments Limited (the “Company”) is pleased to present to the shareholders the interim report and the condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2008 (the “Period”). The income statement, cash flow statement and statement of changes in equity for the Group for the Period, and the balance sheet as at 30 September 2008 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 22 to 36 of this report.

Investment Review

The Directors are pleased to report that the management’s foresight to dispose of substantially all of the Group’s investment trading positions in year ended 31 March 2008 is commendable. As the global credit crisis continues to unfold and the rapid transmission of risk across the different economies, the credit crisis has caused more widespread disruption in the global financial markets than has been seen for several decades. The damages resulting from the credit crisis is so severe and far reaching that some commentators referring to recent events as “financial tsunami”.

Together with the net proceeds of approximately HK\$701.05 million raised from the share placement in November 2007, the cash generated from operating activities of approximately HK\$29.68 million and existing cash then on hand, the Group had a cash position of approximately HK\$753.91 million at the beginning of the Period to capture new investment opportunities.

The Group has made the following significant investments during the Period based on the investment focus on financial sectors and the Private Equity and Investment Banking or PEIB investment approach adopted in second half of financial year ended 31 March 2008:

Management Discussion and Analysis

Investment Review *(Continued)*

Asset management companies

In August 2008, the Group completed its acquisition of 30% issued ordinary share capital in and the 100% non-voting preference shares of Calypso Capital Limited and Calypso Capital (Cayman) Limited (collectively “Calypso Capital Group”).

The Group also established CSOP Asset Management Limited (“CSOP”), an asset management joint venture in Hong Kong, with China Southern Fund Management Co., Ltd (“CSFM”). CSFM is a leading fund management company in China and has assets under its management of over RMB240 billion which include a Qualified Domestic Institutional Investor (“QDII”) fund, namely China Southern Global Dynamic Allocation Fund (“CSGDA Fund”). The CSGDA Fund was approved by the Chinese Securities Regulatory Commission (“CSRC”) in September 2007 and was the first QDII equity fund launched in China. The Group owns 30% of issued capital of CSOP.

The investments in the 30% issued ordinary share capital of Calypso Capital Group and CSOP were accounted for as investments in associates while the investments in the 100% non-voting preference shares of the Calypso Capital Group were accounted for as available-for-sale financial assets.

In addition to the investment in associate in Guotai Junan Fund Management Limited acquired in the year ended 31 March 2008, the Group currently has strategic position in three asset management companies. The Directors believe these asset management companies can serve as platforms for managing foreign investments into China as well as managing foreign investments by Chinese domestic investors which enable asset management companies to capitalise the continuous benefits from managing the expected massive flow of investment capital in and out of China.

Investment funds

As a common practice for the investment management industry, the investment manager and/or its shareholders may sometimes put seed capital into its investment funds in order to facilitate the launch of products. The purpose of seed capital is to incubate and ensure that investment funds can have a reasonable starting fund size to operate and to build their track record. For this purpose, the Group has invested in two investment funds managed by Calypso Capital Group. These investments were accounted for as financial assets at fair value through profit or loss.

Management Discussion and Analysis

Investment Review *(Continued)*

PEIB

Capitalising extensive investment banking experience and network of the Directors and the Group's investment manager, the Group has led an investment syndicate to co-invest in convertible bonds and shares of Challenger Group Holding Limited ("Challenger") through a private placement. Challenger is a company listed on the Growth Enterprise Market whose principal activities is the coal beneficiation and the processing of coking coal and coke and their related coal by-products in Inner Mongolia, China. Under the PEIB investment approach, the Group not only contribute monetary capital but also its knowledge capital in leading the managing investment process from identifying, structuring, executing and exiting the investment. Such unique role often allows the Group to command an additional share of return from the investment syndicate thus enable the Group's return to extend beyond its relative monetary capital contribution provided in co-investment. This co-investment through a special investment vehicle was accounted for as available-for-sale financial assets.

Analysis of investments held

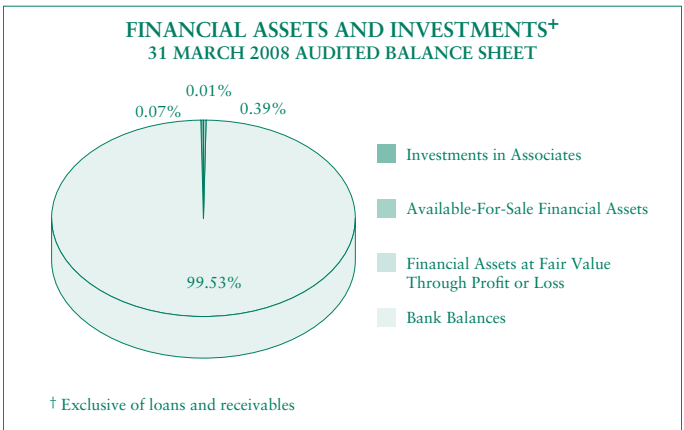
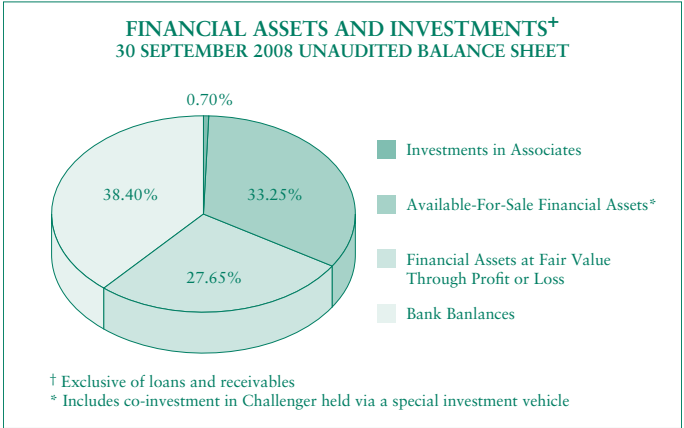
As at 30 September 2008, the Group held financial assets and investments (exclusive of loans and receivables) totalling HK\$860.03 million (31 March 2008: HK\$757.47 million) comprising:

	30 September 2008 (Unaudited) HK\$	31 March 2008 (Audited) HK\$
Investments in associates	5,889,108	2,990,000
Available-for-sale financial assets	286,004,627	556,930
Financial assets at fair value through profit or loss	237,819,325	9,000
Bank balances	330,315,076	753,912,110
	<hr/> 860,028,136	<hr/> 757,468,040

Management Discussion and Analysis

Investment Review (Continued)

Analysis of investments held (Continued)



Management Discussion and Analysis

Financial Review

Financial position

Net asset value: The Group's net assets as at 30 September 2008 has increased by 15.17% to HK\$861.82 million (31 March 2008: HK\$748.28 million) while the net asset value on a per share basis has increased by 14.02% to HK\$1.22 (31 March 2008: HK\$1.07). The increase in the net assets for the Period was mainly resulting from the appreciation of fair value from the Group's attributable interests in the bonds and shares of Challenger in June 2008 amounted to HK\$114.37 million, the fair value of 5.5 million shares issued as initial consideration for Group's acquisition of the Calypso Capital Group amounted to HK\$5.94 million less the consolidated net loss for the Period of HK\$10.12 million.

Net current assets: The Group had net current assets of HK\$574.09 million (31 March 2008: HK\$744.73 million) and no borrowings as at 30 September 2008, which positions the Group advantageously to pursue its investment strategies and new investment opportunities.

Gearing: The gearing ratio, which was calculated on the basis of total liabilities over total equity as at 30 September 2008, was 0.02 (31 March 2008: 0.02).

Property, plant and equipment: The purchase of additional office equipment and furnitures and fixtures of HK\$0.18 million was to cope with the additional personnel and the increase in rental floor areas during the Period.

Investments in associates: The increase in investments in associates to HK\$5.89 million as at 30 September 2008 (31 March 2008: HK\$2.99 million) represents the two investments made by the Group in Calypso Capital Group and CSOP and the share of net results of the three asset management companies for the Period.

Available-for-sale financial assets: The significant increase in available-for-sale financial assets to HK\$286.00 million (31 March 2008: HK\$0.56 million) represents the co-investment made in Challenger and the fair value appreciation at the reporting date.

Management Discussion and Analysis

Financial Review (Continued)

Financial position (Continued)

Financial assets at fair value through profit or loss: The significant increase in financial assets at fair value through profit or loss held at the reporting date to HK\$237.82 million (31 March 2008: HK\$0.009 million) was mainly resulting from the investment in the two investment funds managed by the Calypso Capital Group.

Amount due from a broker: This represents the unsettled proceeds from investment disposal at the reporting date.

Amount due from an associate: This represents temporary loan to CSOP for its working capital pending for approval from the State Administration of Foreign Exchange of China approving the remittance of capital contribution from CSFM into CSOP. The temporary loan has been fully repaid subsequent to the reporting date.

Prepayments, deposits and other receivables: This mainly represents a bridge financing to CSFM for its share of capital contribution in CSOP pending for the relevant approval from the State Administration of Foreign Exchange of China. The relevant approval has been obtained subsequent to the reporting date.

Tax recoverable: This presents recoverable of tax payment for the year ended 31 March 2007.

Bank balances: As at 30 September 2008, the Group had bank balances of HK\$330.32 million (31 March 2008: HK\$753.91 million).

Other financial liabilities: This represents fair value of the additional 4.5 million consideration shares and consideration share options of 20 million shares which (subject to the achievement of certain vesting conditions as described in the announcement of the Company dated 26 June 2008) in connection with investment in Calypso Capital Group.

Management Discussion and Analysis

Financial Review *(Continued)*

Results

The Group reports a net loss for the Period of HK\$10.12 million comparing to a net profit of HK\$15.05 million for the corresponding period.

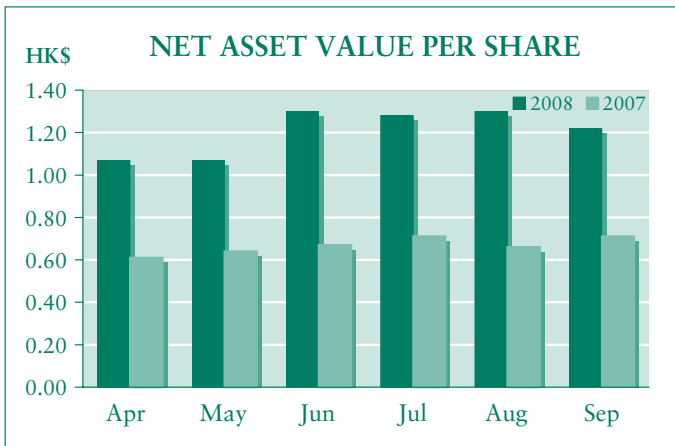
The reported net loss of HK\$10.12 million was mainly attributable to a change of investment focus of the Group from trading focus of listed financial assets in the corresponding period to investment of strategic listed or unlisted financial assets with a much longer horizon. The investment of these strategic financial assets is classified as “Available-for-sale financial assets” in the Group’s financial statements. Under the applicable financial reporting standards, any gains or losses arising from changes in fair value of “Available-for-sale financial assets” are recognised directly in equity until investments are disposed of or are determined to be impaired, at which time the cumulative gains or losses previous recognised in equity are recognised in the income statement. As such, the aggregated gains of HK\$117.73 million from the appreciation of the fair value of such investments for the Period was not reflected in the income statement despite the related administrative expenses incurred to support and maintain such available-for-sale financial assets (e.g. staff costs and management fee) was recognised in the income statement thus resulting a net loss position.

Management Discussion and Analysis

Financial Review *(Continued)*

Results *(Continued)*

Given the nature of the Group being an investment company, shareholders should not solely rely on the income statement in assessing the performance of the Group but also look to the Company's net asset value per share (published on a monthly basis) which provides a better overall indicator of the Group's operating performance for the Period.



Management Discussion and Analysis

Financial Review (Continued)

Income Statement

Turnover: Turnover comprises interest income and dividends from investments. The significant increase to HK\$4.99 million (2007: HK\$0.69 million) was mainly due to the Group had a significant higher average bank balances during the Period as comparing to the corresponding period.

Net (loss)/gain on financial assets at fair value through profit or loss: The net loss on financial assets at fair value through profit or loss was arisen mainly from unrealised losses on the two investment funds.

Fair value gain on other financial liabilities: This represents the decrease in fair value of the financial liabilities incurred for the contingent consideration payable by way of additional 4.5 million consideration shares and consideration share options for 20 million shares in connection with the investment in Calypso Capital Group.

Administrative expenses: The administrative expenses represent mainly staff costs, management fee to investment manager, rental expenses and overhead cost incurred to maintain and support the operations of the Group. The significant increase of expenses to HK\$12.26 million (2007: HK\$1.50 million) was mainly due to (i) increase in staff costs to HK\$3.90 million (2007: HK\$0.46 million) resulting from the increase in headcount; (ii) management fee to HK\$6.50 million (2007: HK\$0.51 million) which was in line with the significant increase in the average net asset value of the Group over the corresponding period.

Share of results of associates: This represents the net amount of the share of losses incurred by two new formed joint ventures which are still not yet in full commercial operations amounted to HK\$1.57 million (2007: nil).

Management Discussion and Analysis

Outlook and Prospects

The setting up of CSOP was approved by CSRC on 27 June 2008 and the relevant licence approval from the Securities and Futures Commission was granted on 29 September 2008. CSOP is currently finalising its investment management with CSGDA Fund and is expected to in full operation in first quarter of 2009.

Despite the full implication of the “financial tsunami” are difficult to predict, the Directors are confident that the Group are well prepared to sails through the rough storm ahead and continue to create further value for our shareholders.

Interim Dividend

The Board has resolved not to pay any interim dividend for the Period (2007: nil).

Liquidity and Financial Resources

For 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

The changes in the Company’s capital structure during the Period are set out in note 14 to the condensed consolidated financial statements. For information in relation to issue of new shares subsequent to 30 September 2008, please refer to note 20 to the condensed consolidated financial statements under the paragraph headed “Subsequent event”.

Management Discussion and Analysis

Significant Investments Held

Please refer to the paragraphs under the sub-section headed “Analysis of investments held” above.

Employees and Remuneration Policies

Due to the rapid growth of deployable assets after the placement in end of 2007, during the Period four senior executives joined the Group increased its total number of employees to 7 (2007: 3) employees, inclusive of the two executive directors. Total staff costs for the Period amounted to HK\$3.90 million (2007: HK\$0.46 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 were either denominated in Hong Kong Dollars or United States Dollars and, therefore, the Group had no significant exposure to foreign exchange fluctuation.

Charges on the Group’s Assets and Contingent Liabilities

As at 30 September 2008, 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.

Management Discussion and Analysis

Directors' and Chief Executive's Interests and/or Short Positions in Shares and Underlying Shares:

As at 30 September 2008, the interests and 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 2008 <i>(note 1)</i>
		Corporate interests in shares	Interests under equity derivatives	Total interests	
Mr. ZHANG Zhi Ping <i>(notes 2&4)</i>	Interest of controlled corporation and beneficial owner	359,800,000	67,000,000	426,800,000	60.45%
Mr. ZHANG Gaobo <i>(notes 3&4)</i>	Interest of controlled corporation and beneficial owner	359,800,000	67,000,000	426,800,000	60.45%
Mr. ZHANG Huaqiao <i>(note 5)</i>	Beneficial owner	8,000,000	2,600,000	10,600,000	1.50%

Management Discussion and Analysis

Directors' and Chief Executive's Interests and/or Short Positions in Shares and Underlying Shares: (Continued)

Notes:

- (1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 706,000,000 shares as at 30 September 2008.
- (2) This represented the aggregate of 330,000,000 shares and 66,000,000 unlisted warrants held by Otness Investments Limited ("OIL"), 29,800,000 shares held by Oriental Patron Financial Services Group Limited ("OPFSG") and 1,000,000 share options granted to Mr. Zhang Zhi Ping. The warrants entitled the holders to subscribe at any time during the period from 15 November 2007 to 14 November 2008 (both days inclusive) for fully paid shares at a subscription price of HK\$1.20 per share. 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 15 to the condensed consolidated financial statements.
- (3) This represented the aggregate of 330,000,000 shares and 66,000,000 unlisted warrants held by OIL, 29,800,000 shares held by OPFSG and 1,000,000 share options granted to Mr. Zhang Gaobo. The warrants entitled the holders to subscribe at any time during the period from 15 November 2007 to 14 November 2008 (both days inclusive) for fully paid shares at a subscription price of HK\$1.20 per share. 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 15 to the condensed consolidated financial statements.
- (4) OIL is a wholly owned subsidiary of Oriental Patron Financial Group Limited ("OPFGL"), while 95% of the issued share capital of OPFSG 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.
- (5) This represented the aggregate of 8,000,000 shares and 1,600,000 unlisted warrants held by and 1,000,000 shares options granted to Mr. Zhang Huaqiao. The warrants entitled the holders to subscribe at any time during the period from 15 November 2007 to 14 November 2008 (both days inclusive) for fully paid shares at a subscription price of HK\$1.20 per share. 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 15 to the condensed consolidated financial statements.

Save as disclosed above, as at 30 September 2008, none of the Directors or chief executive had any interests 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

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 2008, 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.

Long positions in shares and underlying shares of the Company:

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 2008 <i>(note 1)</i>
		Corporate interests in shares	Interests under equity derivatives	Total Interests	
OIL <i>(note 2&4)</i>	Beneficial owner	330,000,000	66,000,000	396,000,000	56.09%
OPFGL <i>(note 3&4)</i>	Interest of controlled corporation	359,800,000	66,000,000	425,800,000	60.31%

Notes:

- (1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 706,000,000 shares as at 30 September 2008.
- (2) This represented the aggregate of 330,000,000 shares and 66,000,000 unlisted warrants held by OIL. The warrants entitled the holders to subscribe at any time during the period from 15 November 2007 to 14 November 2008 (both days inclusive) for fully paid shares at a subscription price of HK\$1.20 per share.
- (3) This represented the aggregate of 330,000,000 shares and 66,000,000 unlisted warrants held by OIL, and 29,800,000 shares held by OPFGL. The warrants entitled the holders to subscribe at any time during the period from 15 November 2007 to 14 November 2008 (both days inclusive) for fully paid shares at a subscription price of HK\$1.20 per share.
- (4) OIL is a wholly owned subsidiary of OPFGL, while 95% of the issued share capital of OPFGL 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 OPFGL.

Management Discussion and Analysis

Substantial Shareholders' Interests and/or Short Positions in Shares and Underlying Shares *(Continued)*

Save as disclosed above, as at 30 September 2008, 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 15 to the condensed consolidated 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

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.

Management Discussion and Analysis

Review of Accounts

The external auditor has reviewed the interim financial information for the six months ended 30 September 2008 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, 18 December 2008

Independent Review Report

RSM Nelson Wheeler

中瑞岳華(香港)會計師事務所

Certified Public Accountants

To the Board of Directors of OP Financial Investments Limited

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 22 to 36 which comprises the condensed consolidated balance sheet of OP Financial Investments Limited and its subsidiaries as at 30 September 2008 and the related condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on 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 are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34. 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

Independent Review Report

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.

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.

Without modifying our review conclusion, we draw to your attention that the comparative condensed consolidated financial information for the six months ended 30 September 2007 has not been reviewed in accordance with standards applicable to review engagements issued by the Hong Kong Institute of Certified Public Accountants.

RSM Nelson Wheeler

Certified Public Accountants

Hong Kong

18 December 2008

Condensed Consolidated Income Statement

For the six months ended 30 September 2008

	Note	Six months ended 30 September	
		2008 (Unaudited) HK\$	2007 (Unaudited and restated) HK\$
Turnover	3	4,992,394	688,385
Other income – loan interest income		37,222	–
Net (loss)/gain on financial assets at fair value through profit or loss	12	(6,771,515)	18,900,018
Fair value gain on other financial liabilities	13	5,524,899	–
Administrative expenses		(12,263,060)	(1,496,650)
(Loss)/Profit from operations		(8,480,060)	18,091,753
Finance cost – interest on bank loan		(73,634)	–
Share of results of associates		(1,569,875)	–
(Loss)/Profit before tax		(10,123,569)	18,091,753
Income tax	5	–	(3,045,589)
(Loss)/Profit for the period	6	(10,123,569)	15,046,164
(Loss)/Earnings per share			
Basic	8(a)	(1.44) cents	15.05 cents
Diluted	8(b)	N/A	N/A

Condensed Consolidated Balance Sheet

At 30 September 2008

		30 September 2008 (Unaudited) HK\$	31 March 2008 (Audited) HK\$
	Note		
Non-current assets			
Property, plant and equipment	9	149,492	–
Investments in associates	10	5,889,108	2,990,000
Available-for-sale financial assets	11	286,004,627	556,930
		292,043,227	3,546,930
Current assets			
Financial assets at fair value through profit or loss	12	237,819,325	9,000
Amount due from a broker		4,628,423	4,237,211
Amount due from an associate		2,000,000	–
Dividend and interest receivables		470,654	1,966,660
Prepayments, deposits and other receivables		7,081,098	139,928
Tax recoverable		1,403,935	1,403,935
Bank balances		330,315,076	753,912,110
		583,718,511	761,668,844
Current liabilities			
Accrued charges		2,075,886	16,936,646
Other financial liabilities	13	7,548,680	–
		9,624,566	16,936,646
Net current assets		574,093,945	744,732,198
Total assets less current liabilities		866,137,172	748,279,128
Non-current liabilities			
Other financial liabilities	13	4,313,277	–
NET ASSETS		861,823,895	748,279,128
Capital and reserves			
Share capital	14	70,600,000	70,050,000
Reserves		791,223,895	678,229,128
TOTAL EQUITY		861,823,895	748,279,128
Net asset value per share	17	1.22	1.07

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2008

		(Unaudited)						
		Reserves						
						Retained		
		Share	Share	Share-based	Investment	profits/	Final	
		capital	premium	payment	revaluation	(Accumulated	dividend	
		HK\$	HK\$	reserve	reserve	losses)	proposed	
	<i>Note</i>	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
							Total	
							HK\$	
At 1 April 2007		10,000,000	36,393,108	-	-	9,647,305	5,000,000	61,240,413
Profit for the period		-	-	-	-	15,046,164	-	15,046,164
Final dividend paid for 2007		-	-	-	-	-	(5,000,000)	(5,000,000)
At 30 September 2007		10,000,000	36,393,108	-	-	24,693,469	-	71,286,577
At 1 April 2008		70,050,000	678,190,363	7,174,927	-	(7,136,162)	-	748,279,128
Issue of shares		550,000	5,390,000	-	-	-	-	5,940,000
Revaluation of available-for-sale financial assets	11	-	-	-	117,728,336	-	-	117,728,336
Loss for the period		-	-	-	-	(10,123,569)	-	(10,123,569)
At 30 September 2008		70,600,000	683,580,363	7,174,927	117,728,336	(17,259,731)	-	861,823,895

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2008

	Six months ended	
	30 September	
	2008	2007
	(Unaudited)	(Unaudited and restated)
	HK\$	HK\$
Net cash used in operating activities	(418,421,797)	(7,981,136)
Net cash used in investing activities	(5,175,237)	–
Net cash used in financing activities	–	(5,000,000)
Net decrease in cash and cash equivalents	(423,597,034)	(12,981,136)
Cash and cash equivalents at 1 April	753,912,110	30,577,667
Cash and cash equivalents at 30 September	330,315,076	17,596,531
Analysis of the balances of cash and cash equivalents		
Bank balances	330,315,076	17,596,531

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2008

1 Basis of preparation of financial statements

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

2 Summary of significant accounting policies

The Interim Financial Report is prepared under the historical cost convention, as modified by the revaluation of certain investments and other financial liabilities which are carried at their fair values.

The accounting policies and methods of computation used in the preparation of this Interim Financial Report are consistent with those used in the preparation of the annual financial statements for the year ended 31 March 2008, in addition, to the following:

The day one gain or loss on available-for-sale financial assets is included in the investment revaluation reserve.

In the current period, the Group has applied, for the first time, a number of new interpretations issued by HKICPA that are relevant to its operations and effective for its accounting periods beginning on 1 April 2008. The adoption of the new interpretations did not result in substantial changes to the Group’s accounting policies and amounts reported for the current or prior periods.

The Group has not applied the new and revised Hong Kong Financial Reporting Standards (“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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2008

3 Turnover

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

	Six months ended 30 September	
	2008 (Unaudited)	2007 (Unaudited and restated)
	HK\$	HK\$
Dividend income from listed investments	–	365,671
Interest income from deposits with banks	4,992,394	322,714
	<hr/>	<hr/>
	4,992,394	688,385

For the year ended 31 March 2008, the Group revised the presentation of turnover in order to conform with market practices. Interest income is included as a component of turnover; and the sale proceeds from sale of financial assets at fair value through profit or loss are offset against the cost of financial assets at fair value through profit or loss and are presented as net gain/loss on financial assets at fair value through profit or loss (as a separate item) in the consolidated income statement. Accordingly, cash flow arising from interest income is reclassified from investing activities to operating activities for the year ended 31 March 2008.

The effects of the change in the presentation of turnover have been accounted for retrospectively with comparative figures restated. These changes do not have any impact on the results of the Group in respect of the current and prior periods.

4 Segment information

No segment information is presented as all of the turnover, contribution to operating results, assets and liabilities of the Group are attributable to investment activities which are carried out or originated principally in Hong Kong.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2008

5 Income tax

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Current – Hong Kong Profits Tax		
Provision for the period	–	3,045,589

No provision for Hong Kong Profits Tax has been made since the Group has no estimated assessable profit for the period.

The reconciliation between the income tax and the product of (loss)/profit before tax multiplied by Hong Kong Profits Tax is as follows:

	Six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$	HK\$
(Loss)/Profit before tax	(10,123,569)	18,091,753
Tax at Hong Kong Profits Tax rate of 16.5% (2007: 17.5%)	(1,670,389)	3,166,057
Tax effect of income that is not taxable	(1,735,353)	(120,468)
Tax effect of expenses that are not deductible	279,638	–
Tax effect of temporary differences not recognised	(3,850)	–
Tax effect of tax losses not recognised	3,129,954	–
Income tax	–	3,045,589

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2008

6 (Loss)/Profit for the period

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

	Six months ended 30 September	
	2008 (Unaudited) HK\$	2007 (Unaudited) HK\$
Contributions to retirement benefits scheme (already included in staff costs)	30,445	12,000
Depreciation	25,744	–
Investment management fee	6,500,898	513,183
Operating lease payments in respect of office premises	401,000	54,000
Staff costs (including directors' emoluments)	3,898,509	457,998

7 Interim dividend

The board of directors has resolved not to pay any interim dividend in respect of the six months ended 30 September 2008 (2007: Nil).

8 (Loss)/Earnings per share

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss for the period of HK\$10,123,569 (2007: profit of HK\$15,046,164) and the weighted average number of 702,153,005 (2007: 100,000,000) ordinary shares in issue during the period.

(b) Diluted (loss)/earnings per share

Diluted loss per share for the period ended 30 September 2008 has not been presented as the Company's outstanding share options and warrants during the period ended 30 September 2008 have no dilutive effect for the period ended 30 September 2008 because the exercise price of the Company's share options and warrants was higher than the average market price for shares.

Diluted earnings per share for the period ended 30 September 2007 has not been presented as there were no potential dilutive shares outstanding during the period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2008

9 Property, plant and equipment

	30 September 2008 (Unaudited) HK\$	31 March 2008 (Audited) HK\$
Additions	175,236	–
Depreciation	(25,744)	–
Carrying amount	149,492	–

10 Investments in associates

	30 September 2008 (Unaudited) HK\$	31 March 2008 (Audited) HK\$
Unlisted shares		
Share of net assets	5,889,108	2,990,000

11 Available-for-sale financial assets

	30 September 2008 (Unaudited) HK\$	31 March 2008 (Audited) HK\$
Unlisted equity securities, at fair value	285,447,697	–
Unlisted equity securities, at cost	853,000	853,000
Impairment losses	(296,070)	(296,070)
	556,930	556,930
	286,004,627	556,930

During the six months ended 30 September 2008, gain arising from changes in fair value of available-for-sale financial assets of HK\$117,728,336 (2007: nil) was recognised directly in the investment revaluation reserve.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2008

12 Financial assets at fair value through profit or loss

	30 September 2008 (Unaudited) HK\$	31 March 2008 (Audited) HK\$
Equity securities listed in Hong Kong, at fair value	9,834,000	9,000
Unlisted investment funds, at fair value	227,985,325	–
	<hr/>	
	237,819,325	9,000

During the six months ended 30 September 2008, net loss of HK\$6,771,515 (2007: net gain of HK\$18,900,018) arising from changes in fair value of financial assets at fair value through profit or loss was recognised in the condensed consolidated income statement.

13 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 Calypso Capital Limited (“CHK”) and Calypso Capital (Cayman) Limited (“CC”).

The consideration of the acquisition comprises the initial issuance of 5.5 million consideration shares on 7 August 2008 and the issuance of additional 4.5 million consideration shares and 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). The fair value of the additional consideration shares and consideration share options were presented as other financial liabilities in the condensed consolidated balance sheet. During the six months ended 30 September 2008, fair value gain of HK\$5,524,899 (2007: nil) arising from changes in fair value of other financial liabilities was recognised in the condensed consolidated income statement.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2008

14 Share capital

	Number of shares	HK\$
Ordinary shares of HK\$0.10 each		
<i>Authorised:</i>		
At 1 April and 30 September 2008	2,000,000,000	200,000,000
<i>Issued and fully paid:</i>		
At 1 April 2008	700,500,000	70,050,000
Issue of shares	5,500,000	550,000
At 30 September 2008	706,000,000	70,600,000

On 7 August 2008, 5,500,000 new ordinary shares were issued and allotted as fully paid to acquire 30% of the issued ordinary shares and 100% of the issued non-voting preference shares in each of CHK and CC. CHK and CC are asset management companies incorporated in Hong Kong and the Cayman Islands respectively.

15 Share option scheme

The Company has a share option scheme under which the directors may, at their discretion, grant options to certain selected classes of participants (including, among others, full-time employees) of the Company, to subscribe for shares in the Company, subject to the stipulated terms and conditions. The scheme was adopted on 19 March 2003 and refreshed on 21 January 2008 and will remain in force for 10 years from the date of adoption.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2008

15 Share option scheme (Continued)

The following table shows the movement of the Company's share options during six months ended 30 September 2008:

Participants	Date of share option granted	Outstanding at beginning of the period	Lapsed during the period	Outstanding at end of the period	Exercise price	Exercise period
Directors	20 December 2007	3,000,000	-	3,000,000	HK\$1.974	20 December 2007 – 20 December 2010
Employees	20 December 2007	3,800,000	-	3,800,000	HK\$1.974	20 December 2007 – 20 December 2010

Notes:

- There is no vesting period of the share options from the date of grant.
- The closing price of the ordinary shares of the Company immediately before the date on which the options were granted was HK\$1.95 on 20 December 2007.
- The Black-Scholes option pricing model has been used to estimate the fair value of the options. 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. The theoretical aggregate value of the options was estimated at HK\$7,174,927 as at 20 December 2007 (when the options were granted) with the following variables and assumptions:

Risk free interest rate:	2.607%
Expected volatility:	92.535%
Expected life of the options:	3 years from the date of grant
Expected dividend yield:	2.457%

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2008

16 Warrants

On 15 November 2007, the Company issued 120,000,000 unlisted warrants pursuant to the placement of shares completed on 15 November 2007, with an aggregate subscription amount of HK\$144,000,000. Each of the warrant-holder is entitled to subscribe for one ordinary share of the Company of HK\$0.10 each at the initial subscription price of HK\$1.20 (subject to adjustment, if any) during the period from 15 November 2007 to 14 November 2008 (both dates inclusive). At 30 September 2008, there were 119,500,000 warrants outstanding.

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 2008 of HK\$861,823,895 (31 March 2008: HK\$748,279,128) by the number of ordinary shares in issue at that date, being 706,000,000 (31 March 2008: 700,500,000).

18 Commitments

(a) Capital commitments

The Group's capital commitments at the balance sheet date are as follows:

	30 September 2008 (Unaudited) HK\$	31 March 2008 (Audited) HK\$
Contracted but not provided for:		
Capital contribution to an associate	57,000,000	–

(b) Lease commitments

At 30 September 2008, the total future minimum lease payments under non-cancellable operating lease for the premises are payable as follows:

	30 September 2008 (Unaudited) HK\$	31 March 2008 (Audited) HK\$
Within one year	548,800	9,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2008

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:*

1. During the six months ended 30 September 2008, the Group paid rental expense totalling HK\$401,000 (2007: HK\$54,000) to Oriental Patron Finance Limited (“OPFL”) for office premises. OPFL is an affiliated company and the directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have significant influence in OPFL.
2. During the six months ended 30 September 2008, advisory fee of HK\$100,000 (2007: nil) and investment management fee of HK\$6,500,898 (2007: HK\$513,183) were charged by Oriental Patron Asia Limited (“OPAL”). OPAL (trading as Oriental Patron Fund Management for its fund management activities) is the investment manager of the Group and a fellow subsidiary of the Company. 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 2008, investment management fee payable of HK\$1,100,724 (31 March 2008: HK\$971,861) was included in accrued charges.

3. The Group paid brokerage commission totalling HK\$73,880 (2007: HK\$149,645) to Oriental Patron Securities Limited (“OPSL”), a fellow subsidiary of the Company for sale and purchase transactions of listed securities through OPSL.
4. At 30 September 2008, the amount due from a broker of HK\$4,628,423 (31 March 2008: HK\$4,237,211) represented net receivable arising from sale and purchase transactions of listed securities through OPSL with which the Company holds a securities trading account and pending settlement at 30 September 2008. The receivable was due within two trading day.
5. At 30 September 2008, the amount due from an associate of HK\$2,000,000 (31 March 2008: nil) represented an unsecured loan to the Group’s associate, CSOP Asset Management Limited which was interest bearing at 5% per annum and due within six months from the date of the loan. In December 2008, the loan was fully repaid. During the six months ended 30 September 2008, loan interest income of HK\$37,222 (2007: nil) was receivable from the aforesaid loan.
6. At 30 September 2008, included in accrued charges are amounts in aggregate of HK\$325,001 (31 March 2008: nil) representing accrued directors’ fees due to the Company’s non-executive directors and independent non-executive directors.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2008

19 Related party transactions (Continued)
(b) Compensation of key management personnel:

	Six months ended 30 September	
	2008 (Unaudited) HK\$	2007 (Unaudited) HK\$
Salaries and other short-term employee benefits	445,001	319,998
Contributions to retirement benefits scheme	6,000	6,000
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	451,001	325,998

20 Subsequent event

On 1 December 2008, a subscription agreement was entered into between the Company as issuer and Primus Pacific Partners Investments 2 Ltd. in respect of the issue of 78,500,000 shares (“New Issue”) at an issue price of HK\$1.50 per share under the general mandate granted to the directors at the annual general meeting held on 29 August 2008. The New Issue was completed on 8 December 2008. For further details of the New Issue, please refer to the announcement of the Company dated 1 December 2008.

21 Approval of Interim Financial Report

The Interim Financial Report was approved and authorised for issue by the board of directors on 18 December 2008.