



Interim Report 2009

Taking It in Stride

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ORIENTAL
PATRON

OP FINANCIAL INVESTMENTS LIMITED

STOCK CODE: 1140

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Corporate Information

Board of Directors

Executive Directors

Mr. ZHANG Zhi Ping (*Chairman*)

Mr. ZHANG Gaobo
(*Chief executive officer*)

Non-executive Director

Mr. LIU Hongru

Independent Non-executive Directors

Mr. KWONG Che Keung, Gordon

Prof. HE Jia

Mr. WANG Xiaojun

Audit Committee

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

Prof. HE Jia

Mr. WANG Xiaojun

Remuneration Committee

Mr. WANG Xiaojun (*Chairman*)

Prof. HE Jia

Mr. KWONG Che Keung, Gordon

Authorised Representatives

Mr. ZHANG Gaobo

Ms. TAM Yuen Wah

Company Secretary

Ms. TAM Yuen Wah

Investment Manager

Oriental Patron Fund Management

Legal Advisers

Chiu & Partners

Auditor

RSM Nelson Wheeler

Principal Registrars

Butterfield Fulcrum Group (Cayman)
Limited

Butterfield House

68 Fort Street

P.O. Box 609

Grand Cayman KY1-1107

Cayman Islands

Branch Registrars

Tricor Abacus Limited

26/F., Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

Registered Office

P.O. Box 309GT

Ugland House

South Church Street

George Town

Grand Cayman

Cayman Islands

Principal Place of Business

27/F, Two Exchange Square

8 Connaught Place

Central

Hong Kong

Principal Banker

Standard Chartered Bank

Industrial and Commercial Bank of China

(Asia) Limited

Custodian

Standard Chartered Bank

Stock Code

The Stock Exchange of Hong Kong

Limited

Code: 1140

Website

www.opfin.com.hk

Chairman's Statement

First of all, on behalf of the board of directors, I am pleased to report that during the first half of the 2010 financial year, OP Financial Investments Limited (“OP Financial” or “the Company”) achieved outstanding results despite the global financial crisis. Thanks to effective implementation of business strategies, profit after tax of the Company reached HK\$423 million.

Our investments in the asset management industry has made notable progress. First, CSOP Asset Management Limited and Guotai Junan Fund Management Limited, both joint ventures with leading industry players – China Southern Fund Management Co., Ltd and Guotai Junan Securities Company Limited respectively, have started generating stable management fee income. Second, our fund incubation business, managed by OP Calypso Capital Group, created and acquired new funds, in the process achieving increased positive earnings.

Our Private Equity investment business with PEIB Investment Approach focuses on two aspects. The first involves investments of larger amounts, with OP Financial responsible for identifying, developing and implementing the business, as well as inviting other investors (“Co-investment partners”) to participate in the opportunity. In addition to investment returns on its proprietary capital, OP Financial earns a performance premium in return for its analytical and management contribution to the investment syndicate. The second approach involves investments of smaller amounts with equally promising growth potential. OP Financial participates in these opportunities solely with proprietary capital.

Kaisun Energy, in which OP Financial started investing in the year 07/08, reported an outstanding return for the first half of the year. In addition to realising investment returns on its own capital, OP Financial also enjoyed a considerable share of profits from Co-investment partners.

In September this year, with a total investment of US\$300 million, OP Financial and China Investment Corporation (“CIC”) jointly acquired 50% equity interest in Nobel Holdings Investments Ltd (“Nobel Oil”) in Russia. Nobel Oil, which is in the business of exploration and production of oil and natural gas in Russia, currently holds various operating high quality oilfields and has a strong ability to acquire new oilfields. We believe this energy company possesses high growth potential. OP Financial injected its own capital and converted reward from CIC into Nobel Oil equity, owning 5% effective interest.

Chairman's Statement

OP Financial aims to build a balanced business portfolio. It seeks long-term, stable management fee income riding on its investment asset management platform whilst striving to maximize investment returns on its own capital. OP Financial avoids the “heavy debt, high leverage” approach to generate return. Instead, it adopts a “high leverage with no debt” strategy by earning performance premiums from Co-investment partners throughout the investment process. This approach has proven to be effective in lowering OP Financial's overall financial risk in co-investments.

Both the business platform and professional team at OP Financial are maturing fast. We strongly believe that OP Financial is ready to become a prominent global investment management company and our recent success heralds our entrance into the global investment management arena.

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 condensed financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2009 (the “Period”). The consolidated results, consolidated statement of cash flow and consolidated statement of changes in equity for the Period, and the consolidated statement of financial position as at 30 September 2009 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 21 to 40 of this report.

Investment Review

The Group made significant developments in the business investments during the Period. The following describes activities related to new joint ventures as well as developments in our Private Equity and Investment Banking (“PEIB”) business.

Asset management companies

As at 30 September 2009, the Group has invested in four asset management companies and the total assets under management/advisory by the four assets management companies was approximately US\$195.83 million. The Group shared profits of the asset management companies of approximately HK\$10.90 million for the Period.

Investment funds

It is common practice for investment managers and/or its shareholders to provide seed capital for its investment funds. This facilitates a healthy launch of new products; incubation ensures reasonable operating capital, sufficient time and resources to build a strong track record.

For this purpose, the Group invested in two funds managed by OP Calypso Capital Group. The two investment funds benefited from an early recovery of the capital markets, and the aggregate fair value of the two investment funds have appreciated by approximately HK\$11.81 million during the Period.

PEIB

Capitalising on the extensive investment banking experience and network of the Directors and the Group’s investment manager, the Group successfully entered into a co-investment with China Investment Corporation, cumulatively representing a 50% equity interest in Nobel Holdings Investments Ltd (“Nobel Oil”). Nobel Oil is an independent Russian oil and gas production group which engages exploration and production in Russia and owns two producing oil fields. As at 30 September 2009, the value of the co-investment in Nobel Oil by the Group and co-investment partner was approximately US\$318.36 million.

Management Discussion and Analysis

Investment Review *(Continued)*

PEIB (Continued)

Under the PEIB investment approach, the Group contributes not only its monetary capital but also its knowledge capital – leading and managing the investment process, from identifying, structuring, and execution to safe exit from the investment. Providing this level of support for co-investment partners allows the Group to command an additional share of return from the investment syndicate, extending gains beyond its relative capital contribution.

The Group identified, structured, and manages the investment in Nobel Oil. The co-investment partners recognized the Group's additional non-monetary contributions to the transaction, and rewarded the Group additional equity for the successful arrangement.

During the Period, the Group also partially realised its investment in convertible bonds and shares of Kaisun Energy Group Limited (“Kaisun Energy”) through a co-investment vehicle formed with other co-investment partners (“Kaisun CIV”). Converting most of the bonds to equity, the Kaisun CIV sold off shares of Kaisun Energy for cash and distributed proceeds to investors. Remaining unsold shares and convertible bonds were also distributed in specie to investors. Finally, the Kaisun CIV initiated a share buy-back process to allow investors a clean exit. As a performance bonus for the successful divestment, co-investent partners awarded the Group additional cash and shares in Kaisun Energy. The Group maintains a minority stake in Kaisun Energy through residual shares and convertible bonds.

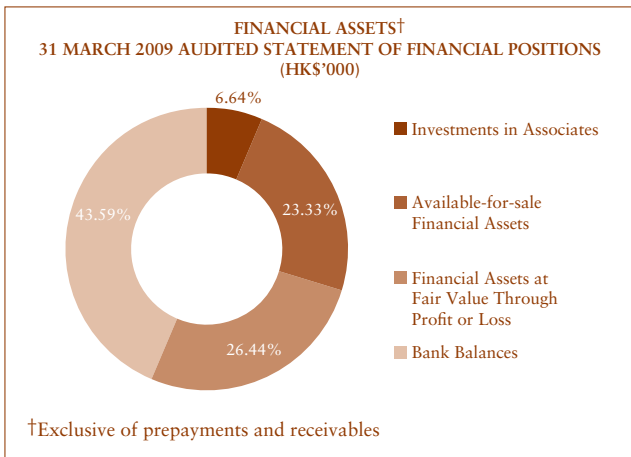
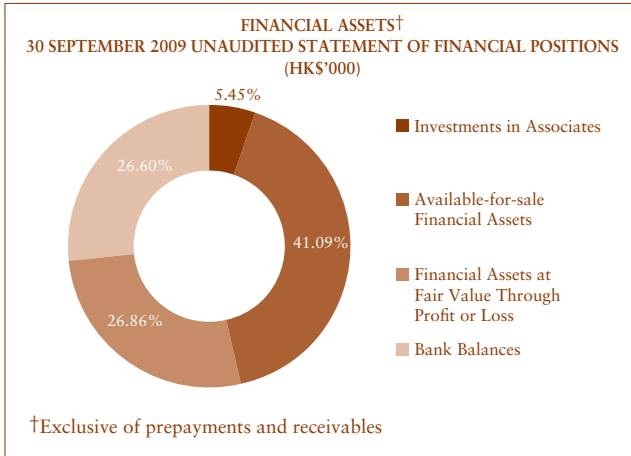
Analysis of investments held

As at 30 September 2009, the Group held financial assets and investments (exclusive of prepayments and receivables) totalling HK\$1,295.20 million (31 March 2009: HK\$898.63 million) comprising:

| | 30 September 2009 (Unaudited) HK\$'000 | 31 March 2009 (Audited) HK\$'000 |
|---|---|---|
| Investments in associates | 70,600 | 59,652 |
| Available-for-sale financial assets | 532,176 | 209,636 |
| Financial assets at fair value through profit or loss | 347,837 | 237,580 |
| Bank and cash balances | 344,589 | 391,759 |
| | <hr/> | <hr/> |
| | 1,295,202 | 898,627 |

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 2009 has significantly increased by 45.41% to HK\$1,289.49 million (31 March 2009: HK\$886.77 million) while the net asset value on a per share basis has increased by 45.13% to HK\$1.64 (31 March 2009: HK\$1.13). The substantial increase in the net assets for the Period was mainly resulting from the consolidated net profit for the Period of HK\$423.90 million.

Net current assets: The Group had net current assets of HK\$586.83 million (31 March 2009: HK\$621.22 million) and no borrowings as at 30 September 2009, 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 2009, was 0.01 (31 March 2009: 0.02).

Investments in associates: The increase in investments in associates to HK\$70.60 million as at 30 September 2009 (31 March 2009: HK\$59.65 million) represents the share of net results of approximately HK\$10.90 million of these asset management companies for the Period

Available-for-sale financial assets: The significant increase in available-for-sale financial assets to HK\$532.18 million (31 March 2009: HK\$209.64 million) represents mainly the Group's investment in Nobel Oil made during the Period.

Financial assets at fair value through profit or loss: The increase in current portion of financial assets at fair value through profit or loss held at the reporting date to HK\$248.07 million (31 March 2009: HK\$237.58 million) was mainly resulting from the appreciation of the Group's investment in the two investment funds managed by the OP Calypso Capital Group. The non-current portion of financial assets at fair value through profit or loss represents the fair value of the derivative components embedded in the convertible bonds issued by Kaisun Energy which were directly held by the Group. No embedded options were accounted for in prior period as the Group's investment in convertible bonds of Kaisun Energy was indirectly held through the Kaisun CIV. The Kaisun Energy convertible bonds directly held at the reporting date was received by way of distribution in specie from the Kaisun CIV during the Period.

Management Discussion and Analysis

Financial Review (Continued)

Financial position (Continued)

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

Bank and cash balances: As at 30 September 2009, the Group had cash and bank balances of HK\$344.59 million (31 March 2009: HK\$391.76 million). The slight decrease in bank and cash balances was mainly resulted from the difference between the cash utilised for the investment in Nobel Oil and the cash received from the exit of the Kaisun CIV during the Period.

Other financial liabilities: The current portion of the other financial liabilities of approximately HK\$5.34 million (31 March 2009: HK\$3.88 million) represents fair value of the additional consideration share options of 10 million shares which (subject to the achievement of certain vesting conditions as described in the announcement of the Company dated 27 June 2008) are issuable after 30 September 2009 in connection with investment in OP Calypso Capital Group. The 10 million share options now outstanding represents the unexpired portion of the 20 million share options originally granted in connection with investment in OP Calypso Capital Group in 2008.

Results

The Group reports a significant increase in net profit of HK\$423.90 million for the Period as compared to loss of HK\$10.12 million in the corresponding period last year.

This is the first reporting period since the change of investment focus of the Group from trading focus of listed financial assets to investment of strategic listed or unlisted financial assets with a much longer horizon in the beginning of 2008 that the Group is able to report a net profit after tax. This is because 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 previously recognised in equity are recognised in the income statement.

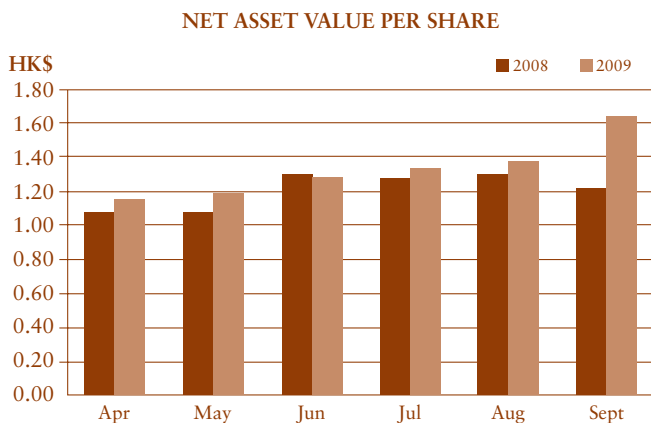
Management Discussion and Analysis

Financial Review *(Continued)*

Results *(Continued)*

Following the exit of the Kaisun CIV, the Group realised its indirect investment in shares and convertible bonds in Kaisun Energy and made a transfer of the cumulative gains on fair values previously recognised directly in the equity to income statement in the Period. Further, the Group has received additional performance premiums from co-investment partners for the Group's role as a managing investor in the PEIB investments of approximately HK\$112.72 million. The Group also recorded fair value gains of its investment in the funds managed by OP Calypso Group of approximately HK\$11.81 million and the share of results of investment in asset management companies of approximately HK\$10.90 million.

The Group is an investment company, and shareholders should not solely focus on the income statement in assessing the performance of the Group but should also consider the Company's net asset value per share (published on a monthly basis) which provides an accurate 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 of approximately HK\$1.22 million and dividends of approximately HK\$322.85 million from investments. The substantial growth in turnover to HK\$324.08 million (2008: HK\$5.03 million) for the Period as comparing to the corresponding period last year was mainly due to the receipt of distribution of cash of approximately HK\$7.02 million and in specie of shares and convertible bonds of Kaisun Energy of approximately HK\$314.70 million as part of the exit of the Kaisun CIV during the Period.

Other income: Other income of HK\$112.72 million represents performance premiums received from the co-investment partners of the Group for resources and efforts devoted by the Group in the co-investment projects in Kaisun Energy and Nobel Oil.

Loss on redemption of available-for-sale financial assets: This represents the loss incurred in redemption of the Group's preference shares in the Kaisun CIV. The overall investment performance in the Kaisun CIV should be read together with the distribution of cash of approximately HK\$7.02 million and in specie of shares and convertible bonds of Kaisun Energy of approximately HK\$314.70 million as well as performance premiums received from the co-investment partners.

Net gain/(loss) on financial assets at fair value through profit or loss: This mainly represents the gain from changes in fair value of approximately HK\$15.67 million on the two investment funds managed by OP Calypso Capital Group and the loss arising from changes in fair value of conversion options embedded in convertible bonds of approximately HK\$5.19 million. The relevant convertible bonds were received by the Group as distribution in specie as part of the exit of the Kaisun CIV.

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 consideration option for 10 million shares in connection with the investment in OP Calypso Capital Group.

Management Discussion and Analysis

Financial Review (Continued)

Income Statement (Continued)

Administrative expenses: The administrative expenses represent mainly staff costs, management fee to investment manager, rental expenses and overhead costs incurred to maintain and support the operations of the Group. The increase of expenses to HK\$16.49 million (30 September 2008: HK\$12.26 million) was mainly due to (i) increase in management fee to HK\$7.69 million (2008: HK\$6.50 million) which is in line with the increase in the average net asset value of the Group over the corresponding period; and (ii) increase in professional fee to HK\$1.76 million (2008: HK\$0.28 million).

Share of results of associates: The profit attributable to associates of HK\$10.90 million (2008: loss of HK\$1.57 million) represents mainly the net amount of the share of profits from the Group's investment in asset management companies.

Interim Dividend

The Board has resolved not to pay any interim dividend for the Period (2008: Nil).

Liquidity and Financial Resources

Interest income and dividend income from investment held are currently the Group's major source of revenue.

During the Period, the Group's financial position and cash flow remain strong. As at 30 September 2009, the Group had bank and cash balances of HK\$344.59 million.

The Group had no bank borrowings and did not pledge any assets as collateral for overdrafts of other loan facilities during the Period. The debt-to-equity (interest bearing external borrowings divided by total equity) stood at zero while the current ratio (current assets divided by current liabilities) was 78 times. For further analysis of the Group's cash position, net current assets and gearing, please refer to paragraphs under sub-sections headed "*Financial position*" above.

Management Discussion and Analysis

Capital Structure

During the Period, there has been no change in the Company's capital structure.

Significant Investment Held

Please refer to the paragraph under the sub-section headed "*Analysis of investments held*" above.

Employees and Remuneration Policies

During the Period, the Group had 12 (2008: 7) employees, inclusive of the two executive directors. Total staff costs for the Period amounted to HK\$3.94 million (2008: HK\$3.90 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 fluctuations.

Charges on the Group's Assets and Contingent Liabilities

As at 30 September 2009, 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 2009, the interests and/or short positions of the Directors and chief executive of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listing Company (the "Model Code") in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares and underlying shares of the Company:

| Name of director | Capacity in which interests are held | Number of ordinary shares / underlying shares held in the Company | | | Total interests as to % to the issued share capital of the Company as at 30 September 2009 <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 | 1,000,000 | 360,800,000 | 45.99% |
| Mr. ZHANG Gaobo <i>(notes 3&4)</i> | Interest of controlled corporation and beneficial owner | 359,800,000 | 1,000,000 | 360,800,000 | 45.99% |

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 784,500,000 shares as at 30 September 2009.
- (2) This represented the aggregate of 330,000,000 shares held by Ottness Investments Limited ("OIL"), 29,800,000 shares held by Oriental Patron Financial Services Group Limited ("OPFSGL") and 1,000,000 share options granted to Mr. Zhang Zhi Ping. The share options entitled the holders to subscribe for shares of the Company at an exercise price and exercise period as disclosed in the section headed "Share option scheme" in note 16 to the condensed financial statements.
- (3) This represented the aggregate of 330,000,000 shares held by OIL, 29,800,000 shares held by OPFSGL and 1,000,000 share options granted to Mr. Zhang Gaobo. The share options entitled the holders to subscribe for shares of the Company at an exercise price and exercise period as disclosed in the section headed "Share option scheme" in note 16 to the condensed financial statements.
- (4) OIL is a wholly owned subsidiary of Oriental Patron Financial Group Limited ("OPFGL"), while 95% of the issued share capital of OPFSGL is owned by OPFGL. The entire issued share capital of OPFGL is beneficially owned as to 51% by Mr. Zhang Zhi Ping and 49% by Mr. Zhang Gaobo.

Save as disclosed above, as at 30 September 2009, none of the Directors or chief executive had any interest or short positions in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Management Discussion and Analysis

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 2009, the Company had been notified of the following substantial shareholders' interests or short positions, being 5% or more of the Company's shares and underlying shares. These interests are in addition to those disclosed above in respect of the directors and chief executive.

| Name of shareholder | Capacity in which interests are held | Number of ordinary shares / underlying shares held in the Company | | | Total interests as to % to the issued share capital of the Company as at 30 September 2009 (note 1) |
|---|--------------------------------------|---|------------------------------------|-----------------|--|
| | | Corporate interests in shares | Interests under equity derivatives | Total interests | |
| OIL (note 2&4) | Beneficial owner | 330,000,000 | - | 330,000,000 | 42.07% |
| OPFGL (note 3&4) | Interest of controlled corporation | 359,800,000 | - | 359,800,000 | 45.86% |
| Primus Pacific Partners Investments 2 Ltd (note 5&6) | Beneficial owner | 155,040,000 | - | 155,040,000 | 19.76% |
| Primus Pacific Partners 1 LP (note 5&6) | Interest of controlled corporation | 155,040,000 | - | 155,040,000 | 19.76% |
| Primus Pacific Partners (GP1) LP (note 5&6) | Interest of controlled corporation | 155,040,000 | - | 155,040,000 | 19.76% |
| Primus Pacific Partners (GP1) Ltd (note 5&6) | Interest of controlled corporation | 155,040,000 | - | 155,040,000 | 19.76% |
| Mr. NG Wing Fai (note 5&6) | Interest of controlled corporation | 155,040,000 | - | 155,040,000 | 19.76% |
| MR. HUAN Guocang (note 5&6) | Interest of controlled corporation | 155,040,000 | - | 155,040,000 | 19.76% |

Management Discussion and Analysis

Substantial Shareholders' 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 784,500,000 shares as at 30 September 2009.
- (2) This represented 330,000,000 shares held by OIL.
- (3) This represented 330,000,000 shares held by OIL and 29,800,000 shares held by OPFSGL.
- (4) OIL is a wholly owned subsidiary of OPFGL, while 95% of the issued share capital of OPFSGL is owned by OPFGL. By virtue of the SFO, OPFGL is deemed to be interested in the shares and underlying shares of the Company held by OIL and the shares held by OPFSGL.
- (5) This represented 155,040,000 shares held by Primus Pacific Partners Investments 2 Ltd ("PPPI-2").
- (6) Each of Mr. Huan Guocang and Mr. Ng Wing Fai owns as to 50% of the total equity interest in Primus Pacific Partners (GP1) Ltd ("PPP-GP1") while PPP-GP1 controls 100% equity interest in Primus Pacific Partners (GP1) LP ("PPP-GP1-LP"). Further, PPP-GP1-LP controls 100% equity interest in Primus Pacific Partners 1 LP ("PPP1-LP") while PPP1-LP owns as to 100% equity interest in PPPI-2. By virtue of the SFO, each of Mr. Huan Guocang, Mr. Ng Wing Fai, PPP-GP1, PPP-GP1-LP, and PPP1-LP is deemed to be interested in the shares of the Company held by PPPI-2.

Save as disclosed above, as at 30 September 2009, 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.

Management Discussion and Analysis

Share Option Scheme

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

Code on Corporate Governance Practices

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

Model Code for Securities Transactions by Directors

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.

Review of Accounts

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

By order of the Board
ZHANG Gaobo
Executive Director and CEO

Hong Kong SAR, 17 December 2009

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 21 to 40 which comprises the condensed consolidated statement of financial position of OP Financial Investments Limited and its subsidiaries as at 30 September 2009 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies 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” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 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.

Independent Review 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 HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 HKAS 34.

RSM Nelson Wheeler

Certified Public Accountants

Hong Kong

17 December 2009

Condensed Consolidated Income Statement

For the six months ended 30 September 2009

| | <i>Note</i> | Six months ended 30 September | |
|---|-------------|----------------------------------|---------------------------------|
| | | 2009 (Unaudited) HK\$'000 | 2008 (Unaudited) HK\$'000 |
| Turnover | 3 | 324,077 | 5,029 |
| Other income | 4 | 112,720 | – |
| Loss on redemption of available-for-sale financial assets | | (18,880) | – |
| Net gain/(loss) on financial assets at fair value through profit or loss | 13 | 9,155 | (6,771) |
| Fair value gain on other financial liabilities | 14 | 2,418 | 5,525 |
| Administrative expenses | | (16,492) | (12,263) |
| Profit/(Loss) from operations | | 412,998 | (8,480) |
| Finance cost – interest on bank loan | | – | (73) |
| Share of results of associates | | 10,903 | (1,570) |
| Profit/(Loss) before tax | | 423,901 | (10,123) |
| Income tax | 6 | – | – |
| Profit/(Loss) for the period | 7 | 423,901 | (10,123) |
| Earnings/(Loss) per share | | | |
| Basic | 9(a) | 54.03 cents | (1.44) cents |
| Diluted | 9(b) | N/A | N/A |

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2009

| | Six months ended | |
|--|------------------|-----------------|
| | 30 September | |
| | 2009 | 2008 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Profit/(Loss) for the period | 423,901 | (10,123) |
| Other comprehensive income | | |
| Available-for-sale financial assets | | |
| – Fair value changes during the period | 13,443 | 117,728 |
| – Redemption of available-for-sale financial assets | (34,630) | – |
| Net other comprehensive income for the period | (21,187) | 117,728 |
| Total comprehensive income for the period | 402,714 | 107,605 |

Condensed Consolidated Statement of Financial Position

At 30 September 2009

| | | 30 September 2009 (Unaudited) HK\$'000 | 31 March 2009 (Audited) HK\$'000 |
|---|-------------|---|---|
| | <i>Note</i> | | |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 114 | 143 |
| Investments in associates | 11 | 70,600 | 59,652 |
| Available-for-sale financial assets | 12 | 532,176 | 209,636 |
| Financial assets at fair value through profit or loss | 13 | 99,763 | – |
| | | 702,653 | 269,431 |
| Current assets | | | |
| Financial assets at fair value through profit or loss | 13 | 248,074 | 237,580 |
| Dividend and interest receivables | | 48 | 323 |
| Prepayments, deposits and other receivables | | 267 | 578 |
| Tax recoverable | | 1,404 | 1,404 |
| Bank and cash balances | | 344,589 | 391,759 |
| | | 594,382 | 631,644 |
| Current liabilities | | | |
| Accrued charges | | 2,208 | 6,544 |
| Other financial liabilities | 14 | 5,340 | 3,879 |
| | | 7,548 | 10,423 |
| Net current assets | | 586,834 | 621,221 |
| Total assets less current liabilities | | 1,289,487 | 890,652 |
| Non-current liabilities | | | |
| Other financial liabilities | 14 | – | 3,879 |
| NET ASSETS | | 1,289,487 | 886,773 |
| Capital and reserves | | | |
| Share capital | 15 | 78,450 | 78,450 |
| Reserves | | 1,211,037 | 808,323 |
| TOTAL EQUITY | | 1,289,487 | 886,773 |
| Net asset value per share | 17 | HK\$1.64 | HK\$1.13 |

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2009

| | Unaudited | | | | | Total HK\$'000 |
|--|------------------------------|------------------------------|---|--|---|-------------------|
| | Reserves | | | | (Accumulated losses)/ Retained profits | |
| | Share capital HK\$'000 | Share premium HK\$'000 | Share-based payment reserve HK\$'000 | Investment revaluation reserve HK\$'000 | | |
| At 1 April 2008 | 70,050 | 678,190 | 7,175 | - | (7,136) | 748,279 |
| Total comprehensive income for the period | - | - | - | 117,728 | (10,123) | 107,605 |
| Issue of shares | 550 | 5,390 | - | - | - | 5,940 |
| At 30 September 2008 | 70,600 | 683,580 | 7,175 | 117,728 | (17,259) | 861,824 |
| At 1 April 2009 | 78,450 | 792,439 | 6,120 | 41,461 | (31,697) | 886,773 |
| Total comprehensive income for the period | - | - | - | (21,187) | 423,901 | 402,714 |
| At 30 September 2009 | 78,450 | 792,439 | 6,120 | 20,274 | 392,204 | 1,289,487 |

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2009

| | Six months ended | |
|---|------------------|-------------|
| | 30 September | |
| | 2009 | 2008 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Net cash used in operating activities | (47,125) | (418,422) |
| Net cash used in investing activities | (45) | (5,175) |
| Net decrease in cash and cash equivalents | (47,170) | (423,597) |
| Cash and cash equivalents at 1 April | 391,759 | 753,912 |
| Cash and cash equivalents at 30 September | | |
| Represented by: | | |
| Bank and cash balances | 344,589 | 330,315 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

1 Basis of preparation of financial statements

The unaudited condensed consolidated interim financial statements (“Interim Financial Report”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard 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 2009 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2009 except as stated in note 2 below.

2 Adoption of new and revised Hong Kong Financial Reporting Standards

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2009. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years excepted as stated below:

Presentation of Financial Statements

HKAS 1 (Revised) “Presentation of Financial Statements” affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the income statement and statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. These presentation requirements have been applied retrospectively in these condensed consolidated financial statements.

The Group has not applied the 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 2009

3 Turnover

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

| | Six months ended 30 September | |
|---|----------------------------------|---------------------------------|
| | 2009 (Unaudited) HK\$'000 | 2008 (Unaudited) HK\$'000 |
| Dividend income from listed investments | 169 | – |
| Dividend income from unlisted investments | 322,685 | – |
| Interest income | 1,223 | 5,029 |
| | <hr/> | <hr/> |
| | 324,077 | 5,029 |

4 Other income

| | Six months ended 30 September | |
|--|----------------------------------|---------------------------------|
| | 2009 (Unaudited) HK\$'000 | 2008 (Unaudited) HK\$'000 |
| Performance premiums from co-investment partners | 112,720 | – |

5 Segment information

HKFRS 8 “Operating Segments” requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 “Segment Reporting” required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity’s ‘system of internal financial reporting to key management personnel’ serving as the starting point for the identification of such segments. The adoption of this new standard does not require additional disclosure in relation to segment information as the Group’s activities were limited to one main business segment.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

5 Segment information (Continued)

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

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

6 Income tax

No provision for Hong Kong Profits Tax has been made since the Group has sufficient tax losses brought forward to set off against current period’s assessable profit (2008: nil).

7 Profit / (Loss) for the period

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

| | Six months ended | |
|--|------------------|-------------|
| | 30 September | |
| | 2009 | 2008 |
| | (Unaudited) | (Unaudited) |
| | HK\$’000 | HK\$’000 |
| Contributions to retirement benefits scheme (already included in staff costs) | 46 | 30 |
| Depreciation | 29 | 26 |
| Investment management fee | 7,687 | 6,501 |
| Operating lease payments in respect of office premises | 470 | 401 |
| Staff costs (including directors’ emoluments) | 3,937 | 3,898 |

8 Interim dividend

The Board has resolved not to pay any interim dividend in respect of the six months ended 30 September 2009 (2008: nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

9 Earnings/(Loss) per share

(a) *Basic earnings/(loss) per share*

The calculation of basic earnings/(loss) per share is based on the profit for the period of approximately HK\$423,901,000 (2008: loss of approximately HK\$10,123,000) and the weighted average number of 784,500,000 (2008: 702,153,005) ordinary shares in issue during the period.

(b) *Diluted earnings/(loss) per share*

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

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 prices of the Company's share options and warrants were higher than the average market price for shares.

10 Property, plant and equipment

During the six months ended 30 September 2009, there was no addition to and disposal of the property, plant and equipment.

11 Investments in associates

| | 30 September 2009 (Unaudited) HK\$'000 | 31 March 2009 (Audited) HK\$'000 |
|---------------------|---|---|
| Unlisted shares | | |
| Share of net assets | 70,600 | 59,652 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

11 Investments in associates (Continued)

Details of the Group's associates at 30 September 2009 are as follows:

| Name of associate | Percentage of ownership interest | Carrying amount | |
|--|-----------------------------------|---|---|
| | | At 30 September 2009 (Unaudited) HK\$'000 | At 31 March 2009 (Audited) HK\$'000 |
| CSOP Asset Management Limited | 30% (31.3.2009: 30%) | 67,935 | 57,685 |
| OP Calypso Capital Limited ("CHK") | 30% (31.3.2009: 30%) (Note) | 326 | 277 |
| OP Calypso Capital (Cayman) Limited ("CC") | 30% (31.3.2009: 30%) (Note) | 5 | 5 |
| Guotai Junan Fund Management Limited | 29.9% (31.3.2009: 29.9%) | 2,289 | 1,685 |
| Top Commodity Capital Management Limited | 30% (31.3.2009: Nil) | 45 | – |

Note:

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

12 Available-for-sale financial assets

| | 30 September 2009 (Unaudited) HK\$'000 | 31 March 2009 (Audited) HK\$'000 |
|---|---|---|
| Unlisted equity securities, at fair value | 279,517 | 209,157 |
| Listed equity securities, at fair value | 130,553 | – |
| Unlisted debt instruments, at fair value | 121,627 | – |
| | <hr/> | <hr/> |
| | 531,697 | 209,157 |
| | <hr/> | <hr/> |
| Unlisted equity securities, at cost | 778 | 778 |
| Impairment losses | (299) | (299) |
| | <hr/> | <hr/> |
| | 479 | 479 |
| | <hr/> | <hr/> |
| | 532,176 | 209,636 |
| | <hr/> | <hr/> |

During the six months ended 30 September 2009, net unrealised gain of approximately HK\$13,443,000 (2008: HK\$117,728,000) arising from changes in fair value of available-for-sale financial assets was recognised directly in the investment revaluation reserve.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

12 Available-for-sale financial assets (Continued)

Details of the Group's available-for-sale financial assets 30 September 2009 are as follows:

| Name of investee | Proportion of investee's capital owned | Carrying amount | |
|---|---|---|---|
| | | At 30 September 2009 (Unaudited) HK\$'000 | At 31 March 2009 (Audited) HK\$'000 |
| <i>Unlisted equity securities</i> | | | |
| Thrive World Limited | 10% (31.3.2009: Nil) | 245,786 | – |
| CHK | 100% of non-voting preference shares (31.3.2009: 100%) | 11,365 | 8,257 |
| CC | 100% of non-voting preference shares (31.3.2009: 100%) | 19,884 | 20,884 |
| Gilmer Stone Investments Limited ("GSIL") | 56.20% of non-voting preference shares (31.3.2009: 38.20%) (Note) | 2,482 | 180,016 |
| <i>Listed equity securities</i> | | | |
| Kaisun Energy Group Limited ("Kaisun Energy") | 7.14% (31.3.2009: Nil) | 130,553 | – |
| <i>Unlisted debt instruments</i> | | | |
| Convertible bonds issued by Kaisun Energy – without the conversion option | N/A | 121,627 | – |
| <i>Unlisted equity securities</i> | | | |
| Pacific Life Science Holdings Limited | 7.40% (31.3.2009: 7.40%) | 479 | 479 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

12 Available-for-sale financial assets (Continued)

Note:

According to the Memorandum and Articles of Association of GSIL, the holders of non-voting preference shares are not entitled to receive notice of, to attend or vote at meetings of members but are entitled to participate in the profits of GSIL and (subject to a return of capital to the holders of ordinary shares) in the surplus assets of GSIL on a winding up or otherwise.

13 Financial assets at fair value through profit or loss

| | 30 September 2009 (Unaudited) HK\$'000 | 31 March 2009 (Audited) HK\$'000 |
|--|---|---|
| Equity securities listed in Hong Kong, at fair value | 5,973 | 7,293 |
| Unlisted equity securities, at fair value | 24 | 24 |
| Unlisted investment funds, at fair value | 242,077 | 230,263 |
| Derivative component in unlisted convertible bonds, at fair value | 99,763 | – |
| | <hr/> 347,837 | <hr/> 237,580 |
| Analysed as: | | |
| Current assets | 248,074 | 237,580 |
| Non-current assets | 99,763 | – |
| | <hr/> 347,837 | <hr/> 237,580 |

During the six months ended 30 September 2009, net gain of approximately HK\$9,155,000 (2008: net loss of approximately HK\$6,771,000) arising from changes in fair value of financial assets at fair value through profit or loss was recognised in the condensed consolidated income statement.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

13 Financial assets at fair value through profit or loss (Continued)

Details of the Group's financial assets at fair value through profit or loss at 30 September 2009 are as follows:

| Name of investee | Proportion of investee's capital owned | Carrying amount | |
|--|---|---|---|
| | | At 30 September 2009 (Unaudited) HK\$'000 | At 31 March 2009 (Audited) HK\$'000 |
| <i>Equity securities listed in Hong Kong</i> | | | |
| China Data Broadcasting Holdings Limited | 1.57% (31.3.2009: 1.57%) | Nil | Nil |
| KITH Holdings Limited | 1.26% (31.3.2009: 1.26%) | 5,973 | 7,293 |
| <i>Unlisted equity securities</i> | | | |
| GSIL | 29.90% of ordinary shares (31.3.2009: 29.9%) (Note) | 24 | 24 |
| <i>Unlisted investment funds</i> | | | |
| Asian Special Opportunities Limited | N/A | 116,037 | 110,154 |
| Calypso Asia Fund | N/A | 126,040 | 120,109 |
| <i>Derivative component in unlisted convertible bonds</i> | | | |
| Convertible bonds issued by Kaisun Energy – derivative component | N/A | 99,763 | – |

Note:

According to the Memorandum and Articles of Association of GSIL, the holders of ordinary shares are entitled to vote at meetings of members but are not entitled to participate in the profits or surplus asset of GSIL on a winding up or otherwise.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

14 Other financial liabilities

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

The consideration comprised the initial issuance of 5.5 million new shares of the Company on 7 August 2008, and the issuance of additional 4.5 million consideration shares and the grant of consideration share options for 20 million shares (subject to the achievement of certain vesting conditions as described in the announcement of the Company dated 26 June 2008). Due to the vesting conditions were not fulfilled, the requirement of the issuance of additional 4.5 million consideration shares on 31 March 2009 and the granting of 10 million consideration share options on 30 June 2009 were discharged. The remaining 10 million consideration share options issuable after 30 September 2009 were accounted for as derivatives as at 30 September 2009 until they are extinguished or transferred to equity when the definition of the equity under HKAS 32 “Financial Instruments: Presentation” is met. During the period ended 30 September 2009, fair value gain of approximately HK\$2,418,000 (2008: HK\$5,525,000) arising from changes in fair value of other financial liabilities was recognised in the condensed consolidated income statement.

15 Share capital

| | 30 September 2009 (Unaudited) HK\$'000 | 31 March 2009 (Audited) HK\$'000 |
|--|---|---|
| Authorised: | | |
| 2,000,000,000 ordinary shares of HK\$0.10 each | 200,000 | 200,000 |
| Issued and fully paid: | | |
| 784,500,000 ordinary shares of HK\$0.10 each | 78,450 | 78,450 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

16 Share option scheme

The Company has a share option scheme under which the Board may, at their discretion, grant options to certain selected classes 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.

The following table shows the movement of the Company's share options during the six months ended 30 September 2009:

| Grantee | 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 | 2,000,000 | - | 2,000,000 | 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 |
| | | <u>5,800,000</u> | <u>-</u> | <u>5,800,000</u> | | |

Movement of the Company's share options during the six months ended 30 September 2008:

| Grantee | 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 |
| | | <u>6,800,000</u> | <u>-</u> | <u>6,800,000</u> | | |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

16 Share option scheme (Continued)

Notes:

- (a) There is no vesting period of the share options from the date of grant.
- (b) 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.
- (c) 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 approximately HK\$7,175,000 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.

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 2009 of approximately HK\$1,289,487,000 (31 March 2009: approximately HK\$886,773,000) by the number of ordinary shares in issue at that date, being 784,500,000 (31 March 2009: 784,500,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

18 Commitments

(a) Capital commitments

The Group's capital commitments at the reporting dates are as follows:

| | 30 September 2009 (Unaudited) HK\$'000 | 31 March 2009 (Audited) HK\$'000 |
|--------------------------------------|---|---|
| Contracted but not provided for: | | |
| Capital contribution to an associate | 45,455 | – |

(b) Lease commitments

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

| | 30 September 2009 (Unaudited) HK\$'000 | 31 March 2009 (Audited) HK\$'000 |
|--|---|---|
| Within one year | 549 | 941 |
| In the second to fifth years inclusive | – | 78 |
| | 549 | 1,019 |

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 2009, the Group paid rental expense of approximately HK\$470,000 (2008: HK\$401,000) to Oriental Patron Finance Limited (“OPFL”) for office premises. OPFL is a related company; the directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have significant influence in OPFL.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

19 Related party transactions (Continued)

(a) Transactions and balances with related parties (Continued)

2. During the six months ended 30 September 2009, investment management fee of approximately HK\$7,687,000 (2008: approximately HK\$6,501,000) were charged by Oriental Patron Asia Limited (“OPAL”, trading as Oriental Patron Fund Management for its fund management activities), which is the investment manager of the Company and is a wholly owned subsidiary of Oriental Patron Financial Services Group Limited (“OPFSGL”). OPAL is a related company; as the directors, Mr. ZHANG Zhi Ping and Mr. ZHONG Gaobo have significant influence in OPFSGL. The investment management fee was charged in accordance with the agreement with OPAL for investment management services and was calculated at 1.5% per annum on the net asset value of the Group at each preceding month end as defined in the agreement.

At 30 September 2009, investment management fee payable of approximately HK\$1,601,000 (at 31 March 2009: approximately HK\$1,215,000) was included in accrued charges.

3. At 30 September 2009, included in accrued charges are amounts in aggregate of HK\$275,000 (at 31 March 2009: nil) representing accrued directors’ fees due to the Company’s non-executive directors and independent non-executive directors.

(b) Compensation of key management personnel

| | Six months ended 30 September | |
|---|----------------------------------|-------------|
| | 2009 | 2008 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Salaries and other short-term employee benefits | 395 | 445 |
| Contributions to retirement benefits scheme | 6 | 6 |
| | <hr/> | <hr/> |
| | 401 | 451 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

20 Events after the reporting period

On 9 September 2009, a wholly-owned subsidiary of the Company entered into a subscription agreement with Crown Honor Holdings Limited (“Crown Honor”) to acquire 30% of the ordinary shares and 80% of the preference shares of Crown Honor respectively for a consideration of approximately HK\$45,455,000 (the “Transaction”).

Crown Honor is the holding company of a group of companies which are engaged in insurance brokerage, insurance agency and insurance surveyors businesses in the People’s Republic of China.

The Transaction was completed on 16 November 2009.

21 Approval of Interim Financial Report

The Interim Financial Report was approved and authorised for issue by the Board on 17 December 2009.