



# OP FINANCIAL INVESTMENTS LIMITED

東英金融投資有限公司\*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1140)

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2008

### RESULTS

The Board of Directors (the “Board”) of OP Financial Investments Limited (formerly known as Concepta Investments Limited) (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiary (the “Group”) for the financial year ended 31 March 2008 (the “Year”).

### CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

|                                                                      | Note | 2008<br>HK\$        | 2007<br>HK\$<br>(Restated) |
|----------------------------------------------------------------------|------|---------------------|----------------------------|
| <b>Turnover</b>                                                      | 4    | <b>9,464,047</b>    | 1,438,316                  |
| Other income                                                         |      | <b>1,500</b>        | —                          |
| Net gain on financial assets at fair value<br>through profit or loss |      | <b>5,968,526</b>    | 11,898,354                 |
| Impairment loss on available-for-sale financial assets               |      | <b>(221,070)</b>    | —                          |
| Equity-settled share-based payments                                  |      | <b>(7,174,919)</b>  | —                          |
| Administrative expenses                                              |      | <b>(24,821,551)</b> | (3,882,485)                |
| <b>(Loss)/Profit before tax</b>                                      |      | <b>(16,783,467)</b> | 9,454,185                  |
| Income tax                                                           | 6    | —                   | (1,403,099)                |
| <b>(Loss)/Profit for the Year</b>                                    | 7    | <b>(16,783,467)</b> | 8,051,086                  |
| <b>Final dividend proposed</b>                                       | 8    | —                   | 5,000,000                  |
| <b>(Loss)/Earnings per share</b>                                     |      |                     |                            |
| <b>Basic</b>                                                         | 9(a) | <b>(5.1 cents)</b>  | 8.1 cents                  |
| <b>Diluted</b>                                                       | 9(b) | <b>N/A</b>          | N/A                        |

\* for identification purpose only

**CONSOLIDATED BALANCE SHEET**  
**AT 31 MARCH 2008**

|                                                       | <i>Note</i> | <b>2008</b><br><b>HK\$</b> | <b>2007</b><br><b>HK\$</b> |
|-------------------------------------------------------|-------------|----------------------------|----------------------------|
| <b>Non-current assets</b>                             |             |                            |                            |
| Investment in an associate                            |             | <b>2,990,000</b>           | –                          |
| Available-for-sale financial assets                   |             | <b>556,930</b>             | 778,000                    |
|                                                       |             | <b>3,546,930</b>           | 778,000                    |
| <b>Current assets</b>                                 |             |                            |                            |
| Financial assets at fair value through profit or loss |             | <b>9,000</b>               | 31,524,670                 |
| Amount due from a broker                              |             | <b>4,237,211</b>           | –                          |
| Dividend and interest receivables                     |             | <b>1,966,660</b>           | –                          |
| Prepayments and other receivables                     |             | <b>139,928</b>             | 138,498                    |
| Tax recoverable                                       |             | <b>1,403,935</b>           | –                          |
| Bank balances                                         |             | <b>753,912,110</b>         | 30,577,667                 |
|                                                       |             | <b>761,668,844</b>         | 62,240,835                 |
| <b>Current liabilities</b>                            |             |                            |                            |
| Accrued charges                                       |             | <b>16,936,646</b>          | 1,345,353                  |
| Tax payable                                           |             | –                          | 433,069                    |
|                                                       |             | <b>16,936,646</b>          | 1,778,422                  |
| <b>Net current assets</b>                             |             | <b>744,732,198</b>         | 60,462,413                 |
| <b>NET ASSETS</b>                                     |             | <b>748,279,128</b>         | 61,240,413                 |
| <b>Capital and reserves</b>                           |             |                            |                            |
| Share capital                                         |             | <b>70,050,000</b>          | 10,000,000                 |
| Reserves                                              |             |                            |                            |
| Final dividend proposed                               |             | –                          | 5,000,000                  |
| Others                                                |             | <b>678,229,128</b>         | 46,240,413                 |
| <b>TOTAL EQUITY</b>                                   |             | <b>748,279,128</b>         | 61,240,413                 |
| <b>Net asset value per share</b>                      | <i>10</i>   | <b>1.07</b>                | 0.61                       |

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Basis of preparation

The financial statements have been prepared in accordance with the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments which are carried at their fair values.

### 2 Adoption of new and revised Hong Kong financial reporting standards

In the current year, the Group has adopted all of the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2007. HKFRSs comprise all applicable individual Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current year and prior years.

The Group has applied the disclosure requirements under Hong Kong Accounting Standard 1 (Amendment) “Capital Disclosures” and Hong Kong Financial Reporting Standard 7 “Financial Instruments: Disclosures” retrospectively.

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.

### 3 Change in the presentation of turnover

In prior years, turnover included the sale proceeds from sale of financial assets at fair value through profit or loss, while the related costs were presented as “cost of financial assets at fair value through profit or loss”.

In the current year, 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 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 in the current year.

The effects of the change in the presentation of turnover have been accounted for retrospectively with comparative figures restated. The effect of specific line items affected in the consolidated income statement is as follows:

|                                                                               | <b>2008</b><br><b>HK\$</b> | 2007<br>HK\$            |
|-------------------------------------------------------------------------------|----------------------------|-------------------------|
| Decrease in turnover                                                          | <b>113,631,841</b>         | 46,717,513              |
| Decrease in cost of financial assets at fair value through profit or loss     | <b>116,497,171</b>         | 42,603,063              |
| Decrease in other income                                                      | <b>8,824,856</b>           | 1,019,556               |
| Increase in net gain on financial assets at fair value through profit or loss | <b><u>5,959,526</u></b>    | <b><u>5,134,006</u></b> |

These changes do not have any impact on the results of the Group in respect of the current and prior years.

#### 4 Turnover

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

|                                         | <b>2008</b><br><b>HK\$</b> | 2007<br><b>HK\$</b><br>(Restated) |
|-----------------------------------------|----------------------------|-----------------------------------|
| Dividend income from listed investments | <b>639,191</b>             | 418,760                           |
| Interest income                         | <b>8,824,856</b>           | 1,019,556                         |
|                                         | <b><u>9,464,047</u></b>    | <b><u>1,438,316</u></b>           |

#### 5 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.

#### 6 Income tax

|                                 | <b>2008</b><br><b>HK\$</b> | 2007<br><b>HK\$</b>     |
|---------------------------------|----------------------------|-------------------------|
| Current – Hong Kong Profits Tax |                            |                         |
| Provision for the year          | –                          | 1,403,935               |
| Over-provision in previous year | –                          | (1)                     |
| Deferred tax                    | –                          | (835)                   |
| Income tax                      | <b><u>–</u></b>            | <b><u>1,403,099</u></b> |

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

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

|                                                          | <b>2008</b><br><b>HK\$</b> | 2007<br><b>HK\$</b>     |
|----------------------------------------------------------|----------------------------|-------------------------|
| (Loss)/Profit before tax                                 | <b><u>(16,783,467)</u></b> | <b><u>9,454,185</u></b> |
| Tax at Hong Kong Profits Tax rate of 17.5% (2007: 17.5%) | <b>(2,937,106)</b>         | 1,654,482               |
| Tax effect of income that is not taxable                 | <b>(1,656,209)</b>         | (251,705)               |
| Tax effect of expenses that are not deductible           | <b>1,295,363</b>           | –                       |
| Tax effect of temporary differences not recognised       | <b>(64)</b>                | 322                     |
| Tax effect of tax losses not recognised                  | <b><u>3,298,016</u></b>    | <b><u>–</u></b>         |
| Income tax                                               | <b><u>–</u></b>            | <b><u>1,403,099</u></b> |

## 7 (Loss)/Profit for the Year

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

|                                                        | 2008<br>HK\$     | 2007<br>HK\$   |
|--------------------------------------------------------|------------------|----------------|
| Auditor's remuneration                                 | 220,000          | 180,000        |
| Depreciation                                           | –                | 7,077          |
| Impairment loss on available-for-sale financial assets | 221,070          | –              |
| Investment management fee                              | 5,441,589        | 864,821        |
| Performance fee                                        | 15,723,254       | 1,050,465      |
| Operating lease payments in respect of office premises | 108,000          | 108,000        |
| Staff costs (including directors' emoluments)          |                  |                |
| Salaries and other benefits                            | 1,834,016        | 912,000        |
| Equity-settled share-based payments                    | 7,174,919        | –              |
| Retirement benefits scheme contributions               | 31,484           | 25,000         |
|                                                        | <u>9,040,419</u> | <u>937,000</u> |

## 8 Final dividend proposed

|                                             | 2008<br>HK\$ | 2007<br>HK\$     |
|---------------------------------------------|--------------|------------------|
| HK\$Nil (2007: HK\$0.05) per ordinary share | <u>–</u>     | <u>5,000,000</u> |

The Board has resolved not to pay a final dividend.

## 9 (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 Year of HK\$16,783,467 (2007: profit for the year of HK\$8,051,086) and the weighted average number of 326,381,694 (2007: 100,000,000) ordinary shares in issue during the Year.

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

Diluted loss per share for the Year has not been presented as the Company's outstanding warrants during the Year had an anti-dilutive effect on the basic loss per share and the Company's share options have no dilutive effect for the Year because the exercise price of the Company's share options was higher than the average market price for shares.

Diluted earnings per share for the year ended 31 March 2007 has not been presented as there were no potential dilutive shares outstanding during that year.

## 10 Net asset value per share

The net asset value per share is calculated by dividing the net asset value of the Group at 31 March 2008 of HK\$748,279,128 (2007: HK\$61,240,413) by the number of ordinary shares in issue at that date, being 700,500,000 (2007: 100,000,000).

## **DIVIDENDS**

The Board has resolved not to pay a final dividend for the Year (2007: HK\$0.05 per ordinary share).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Change of the Company's name**

At an extraordinary general meeting of the shareholders of the Company held on 15 November 2007, a special resolution was passed to change the English name of the Company from Concepta Investments Limited to OP Financial Investments Limited and to adopt 東英金融投資有限公司 as the Company's new Chinese name for identification purposes only.

### **Business review and outlook**

The Group reports a net loss for the Year of approximately HK\$16.78 million comparing to a net profit of approximately HK\$8.05 million for the corresponding financial year. The reported net loss for the Year was mainly attributable to realised and unrealized gain on financial assets through profit and loss account of approximately HK\$5.97 million (2007: approximately HK\$11.90 million), interest and dividend income of approximately HK\$9.46 million (2007: HK\$1.44 million) less the equity-settled share-based payments of approximately HK\$7.17 million (2007: Nil) and administration expenses of approximately HK\$24.82 million (2007: HK\$3.88 million).

The investment strategy implemented during the first half of the year was to rebalance the portfolio away from very large concentration in a few positions and redeploy the portfolio toward sectors and situations that offer visible and attractive investment opportunities. During such period new positions were entered mostly in banking, insurance, real estate, energy, telecommunication and infrastructure, while cash balances were reduced.

The second part of the financial year was marked by significant new business and economic developments affecting the PRC and accordingly investment positions had to be adjusted based on economic and business developments affecting the PRC.

Due to the continuous rapid development of the PRC economy in recent years, the income level of PRC nationals increase significantly and accordingly resulting in increasing demand for different choice of investment by nationals. The significant level of foreign exchange reserves of the PRC also provides a background for making investment outside for its nationals.

According to the 《國家外匯管理局批准開展境內個人直接對外證券投資試點》 Trial Scheme promulgated by the State Administration of Foreign Exchange of the PRC on 20 August 2007 (which allows PRC nationals to make direct foreign securities investment), PRC nationals are allowed to make direct investment in Hong Kong listed securities with their self-owned foreign currencies or Renminbi at a designated city on a trial basis. The Trial Scheme would facilitate PRC nationals to invest outside PRC in an orderly fashion and gain experience in risk prevention and management. The relaxation of foreign exchange control over direct investment by PRC nationals outside PRC also facilitates PRC nationals to make use of the international financial market to diversify their investment risk, enhance its portfolio mix and its risk-adjusted return.

In view of the above, the Board envisaged the Trial Scheme will gradually be implemented on a nation wide basis and a variety of institutions and companies will directly or indirectly benefit from the Trial Scheme accordingly. Taking advantage of the highly liquid and buoyant markets, in September 2007 the Company raised HK\$720 million by way of placing of 600 million of new shares at HK\$1.20 per share to capture such investment opportunities.

The placing of new share at HK\$1.20 per share also increased the net asset value per share of the Group from HK\$0.76 as at 31 October 2007 (being the month ended immediately prior to the completion the share placement) to HK\$1.10 as at 30 November 2007 (being the month immediately after the completion of the share placement) thus also significantly increased our shareholders value. As a result, the Group paid/payable to its investment manager a management fee and a performance fee (which together comprising significant part of the administrative expenses) amounting to HK\$5.44 million (2007: HK\$0.86 million) and HK\$15.72 million (2007: HK\$1.05 million) respectively.

Following the Group's investment strategies to capture the potential growth in the financial sector in the Greater China region, in January 2008, the Group invested in 29.90% in Guotai Junan Fund Management Limited, an asset management venture in Hong Kong founded by the Group and Guotai Junan Financial Holdings (Samoa) Limited. Guotai Junan Financial Holdings (Samoa) Limited is a wholly owned subsidiary of Guotai Junan Securities Company Limited, a leading securities broker in the PRC.

Subsequent to the financial year ended, the Group also agreed to make further investments in two asset management companies namely the CSOP Asset Management Limited and Calypso Capital Group.

CSOP Asset Management Limited is an asset management venture in Hong Kong founded by the Group and China Southern Fund Management Co., Ltd. China Southern Fund Management Co., Ltd is a leading fund management company in China and currently has assets under its management of over RMB200 billion which include a Qualified Domestic Institutional Investor (“**QDII**”) fund, namely China Southern Global Dynamic Allocation Fund (the “**Fund**”). The Fund was approved by the China Securities Regulatory Commission (“**CSRC**”) in September 2007 and is the first QDII equity fund launched in China, raising RMB 30 billion.

The setting up of CSOP Asset Management Limited was approved by the CSRC on 27 June 2008 and is pending proper licensing approval from the Securities and Futures Commission. CSOP Asset Management Limited will conduct asset management in Hong Kong including managing the investment portfolio in Hong Kong listed securities for the Fund.

Apart from asset management business, the Group is also actively seeking opportunities to participate in securities broking business in Hong Kong and PRC with reputable financial services firms as partners so that the Group can capitalize our partners' goodwill and benefits from the significant potential from the promising economic outlook of the PRC whether through the Trial Scheme or other economic policies.

In order to capitalizing the extensive investment banking experience of its directors and its investment manager, the Group has adjusted its investment strategy for listed investment towards the last quarter of the financial year and under which the Group will take advantage of the opportunities for private investment in public equities captured by the investment manager. The adjustment in the investment strategies has resulted in the liquidation of significant parts of the Group's listed investment portfolio at 31 March 2008 to HK\$9,000 (2007: HK\$31,524,670).

In June 2008, adopting the new investment strategy for listed investments the Group has led an investment syndicate to subscribe for convertible bonds of Challenger Group Holdings Limited to financing its acquisition of interest in coal mine and establish coking coal operation in Inner Mongolia. The Board is confident that the adjusted investment strategies for listed equities will bring about improved return to its investments and value to the Company's shareholders.

### **Liquidity and financial resources**

As at 31 March 2008, the Group had bank balances of HK\$753,912,110 (2007: HK\$30,577,667). The Board believes that the Group has sufficient financial resources to satisfy its immediate investments and working capital requirements.

The Group had net current assets of HK\$744,732,198 (2007: HK\$60,462,413) and no borrowings as at 31 March 2008, which positions the Group advantageously to pursue its investment strategies and new investment opportunities.

The gearing ratio, which was calculated on the basis of total liabilities over total equity as at 31 March 2008, was 0.02 (2007: 0.03).

### **Capital structure**

Pursuant to an ordinary resolution duly passed at an extraordinary general meeting held on 7 November 2007, the authorised share capital of the Company was increased from HK\$20,000,000 divided into 200,000,000 ordinary shares of par value of HK\$0.10 each to HK\$200,000,000 divided into 2,000,000,000 shares by the creation of an additional 1,800,000,000 shares, such new shares ranking pari passu in all respects with the existing shares of the Company.

On 15 November 2007, the Company completed the placing of 600,000,000 shares at a price of HK\$1.20 per share (the "placing shares"). The net proceeds from the placing (after deducting share issue expenses of HK\$18,952,745) was HK\$701,047,255 and resulted in an increase in share premium of HK\$660,000,000.

The placing shares were issued with 120,000,000 unlisted warrants on the basis of one warrant for every five placing shares. The warrants will be exercisable for a period of one year commencing on 15 November 2007 to 14 November 2008. During the year, 500,000 warrants were exercised for 500,000 shares of HK\$0.10 at a subscription price of HK\$1.20. Consequently gross proceeds of HK\$600,000 and resulted in an increase in share premium of HK\$550,000 were raised.

After the issue of placing shares and exercise of warrants, the share capital and share premium of the Company as at 31 March 2008 was HK\$70,050,000 and HK\$678,190,363 respectively.

### **Investment portfolio**

The Group's investment portfolio comprised of unlisted investments and listed securities investments. The Group held minority stakes of unlisted companies which are believed to have sound prospects of long-term growth in profits and capital appreciation in the future. As at 31 March 2008, the Group's unlisted investments, valued at cost less impairment, totalling HK\$556,930 (2007: HK\$778,000).

As at 31 March 2008, all of the Group's listed securities investments are Hong Kong listed securities. The Group held listed investments, at market value, of HK\$9,000 (2007: HK\$31,524,670) at 31 March 2008.

### **Employees**

During the Year, the Group had 8 (2007: 3) employees, including executive directors. Total staff costs, including directors' emoluments and equity-settled share-based payments for the Year amounted to HK\$9,040,419 (2007: HK\$937,000). The Group's remuneration policies are in line with the market practice and are determined on the basis of the performance and experience of individual employee.

### **Exposure to fluctuations in exchange rates and related hedges**

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

### **Charges on the Group's assets and contingent liabilities**

As at 31 March 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 SHARES**

The Company or its subsidiary has not purchased, sold or redeemed any of its shares during the Year.

### **CORPORATE GOVERNANCE**

The Board recognises the importance of corporate governance to the Group's healthy growth and is dedicated to maintaining good standards of corporate governance so as to enhance corporate transparency and protect the interests of shareholders.

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules on the Stock Exchange during the Year.

### **AUDIT COMMITTEE**

The Company established an audit committee in accordance with rule 3.21 of the Listing Rules. Amongst other duties, the principal duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Company.

The Company's audit committee comprised three independent non-executive Directors, namely, Mr. KWONG Che Keung, Gordon, Prof. HE Jia and Mr. WANG Xiaojun. Three meetings were held during the Year.

The audited financial statements for the Year have been reviewed by the audit committee.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules. All directors have confirmed, following specific enquiry by the Company, that they have fully complied with the Model Code throughout the Year.

## **PUBLICATION OF FINANCIAL INFORMATION**

This results announcement is published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.opfin.com.hk](http://www.opfin.com.hk)). The Group’s annual report for the Year will be dispatched to the shareholders of the Company and available on the above websites in due course.

## **BOARD OF DIRECTORS**

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

On behalf of the Board  
**ZHANG ZHI PING**  
*Chairman*

Hong Kong SAR, 24 July 2008