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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 2009

RESULTS

The Board of Directors (the “Board”) of OP Financial Investments Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the financial year ended 31 March 2009 (the “Year”).

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 HK\$	2008 HK\$
Turnover	3	7,663,547	9,464,047
Other income		–	1,500
Net (loss)/gain on financial assets at fair value through profit or loss		(7,034,482)	5,968,526
Impairment loss on available-for-sale financial assets		(78,090)	(221,070)
Fair value gain on other financial liabilities		9,628,063	–
Equity-settled share-based payments		–	(7,174,919)
Administrative expenses		(30,914,321)	(24,821,551)
Loss from operations		(20,735,283)	(16,783,467)
Finance costs – interest on bank and other borrowings		(73,634)	–
Share of results of associates		(4,807,128)	–
Loss before tax		(25,616,045)	(16,783,467)
Income tax	5	–	–
Loss for the year		(25,616,045)	(16,783,467)
Loss per share			
Basic	6(a)	(3.5 cents)	(5.1 cents)
Diluted	6(b)	N/A	N/A

* for identification purpose only

CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2009

	<i>Note</i>	2009 HK\$	2008 HK\$
Non-current assets			
Property, plant and equipment		143,072	–
Investments in associates		59,651,854	2,990,000
Available-for-sale financial assets		209,635,871	556,930
		269,430,797	3,546,930
Current assets			
Financial assets at fair value through profit or loss		237,579,680	9,000
Amount due from a broker		–	4,237,211
Dividend and interest receivables		323,015	1,966,660
Prepayments and other receivables		577,662	139,928
Tax recoverable		1,403,935	1,403,935
Bank balances		391,759,568	753,912,110
		631,643,860	761,668,844
Current liabilities			
Accrued charges		6,543,393	16,936,646
Other financial liabilities		3,879,396	–
		10,422,789	16,936,646
Net current assets		621,221,071	744,732,198
Total assets less current liabilities		890,651,868	748,279,128
Non-current liabilities			
Other financial liabilities		3,879,396	–
NET ASSETS		886,772,472	748,279,128
Capital and reserves			
Share capital		78,450,000	70,050,000
Reserves		808,322,472	678,229,128
TOTAL EQUITY		886,772,472	748,279,128
Net asset value per share	7	1.13	1.07

NOTES

1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with 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 (“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 and derivative liabilities 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 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 2008. 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 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 TURNOVER

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

	2009 HK\$	2008 <i>HK\$</i>
Dividend income from listed investments	72,600	639,191
Interest income	7,590,947	8,824,856
	<u>7,663,547</u>	<u>9,464,047</u>

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.

5 INCOME TAX

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

6 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the Year of HK\$25,616,045 (2008: HK\$16,783,467) and the weighted average number of 728,589,042 (2008: 326,381,694) ordinary shares in issue during the Year.

(b) Diluted loss per share

Diluted loss per share for the year ended 31 March 2009 has not been presented as the Company's outstanding warrants and share options had no dilutive effect for the year ended 31 March 2009 as the exercise prices of those warrants and share options were higher than the average market price for shares.

Diluted loss per share for the year ended 31 March 2008 has not been presented as the Company's outstanding warrants during the year ended 31 March 2008 had an anti-dilutive effect on the basic loss per share and the Company's share options had no dilutive effect for the year ended 31 March 2008 as the exercise price of those share options was higher than the average market price for shares.

7 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 2009 of HK\$886,772,472 (2008: HK\$748,279,128) by the number of ordinary shares in issue at that date, being 784,500,000 (2008: 700,500,000).

DIVIDENDS

The Board has resolved not to pay a final dividend for the Year (2008: HK\$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Investment Review

The Group has made the following significant investments during the Year 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:

Asset management companies

In July 2008, the Group 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 approximately RMB13 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 in September 2007 and was the first QDII equity fund launched in China. The Group owns 30% of issued capital of CSOP.

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

In addition to the 29.90% equity investment 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 Board believes 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 managing by OP Calypso Capital Group.

PEIB Investment Approach

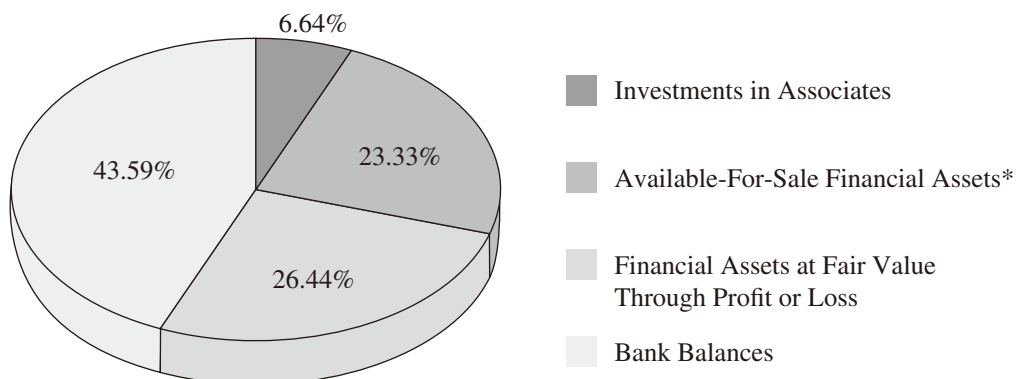
Capitalising extensive investment banking experience and network of the Directors and the Group's investment manager, the Group has led an investment syndicate to co-invest in convertible bonds and shares of Kaisun Energy Group Limited (formerly known as Challenger Group Holding Limited) ("Kaisun") through a private placement. Kaisun 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 enables the Group's return to extend beyond its relative monetary capital contribution provided in co-investment.

Analysis of investments held

As at 31 March 2009, the Group held financial assets and investments (exclusive of prepayments and receivables) totalling HK\$898.63 million (31 March 2008: HK\$757.47 million) comprising:

	31 March 2009 HK\$	31 March 2008 HK\$
Investments in associates	59,651,854	2,990,000
Available-for-sale financial assets	209,635,871	556,930
Financial assets at fair value through profit or loss	237,579,680	9,000
Bank balances	391,759,568	753,912,110
	<u>898,626,973</u>	<u>757,468,040</u>

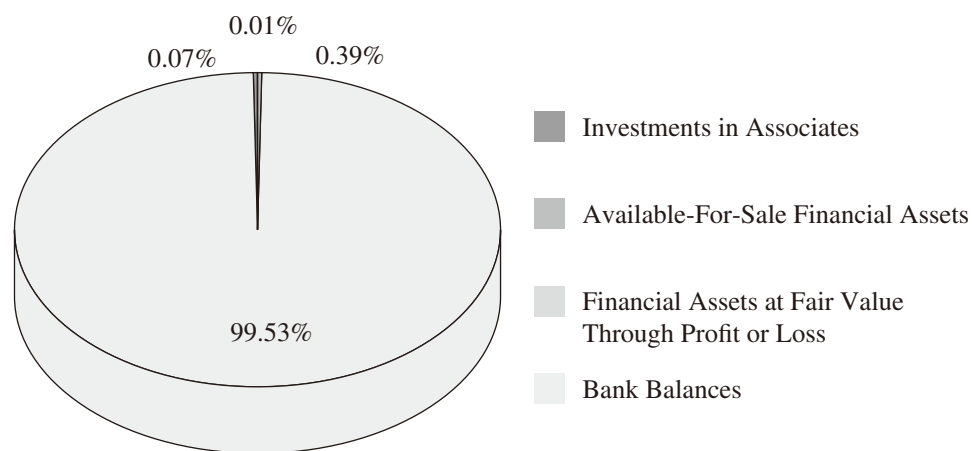
FINANCIAL ASSETS[†]
31 MARCH 2009 AUDITED BALANCE SHEET



[†] Exclusive of Prepayments and Receivables

* Includes co-investment in Kaisun held via a special investment vehicle

FINANCIAL ASSETS[†]
31 MARCH 2008 AUDITED BALANCE SHEET



[†] Exclusive of Prepayments and Receivables

Financial Review

Financial position

Net asset value: The Group's net assets as at 31 March 2009 has increased by 18.51% to HK\$886.77 million (31 March 2008: 748.28 million) while the net asset value on a per share basis has increased by 5.61% to HK\$1.13 (31 March 2008: HK\$1.07). The increase in the net assets for the Year was mainly resulting from the appreciation of fair value from (i) the Group's attributable interests in the bonds and shares of Kaisun acquired in June 2008 amounted to HK\$34.66 million; (ii) the fair value gain of the Group's interests in OP Calypso Capital Group amounted to HK\$6.80 million; and (iii) the net proceeds of HK\$116.71 million from placing of 78,500,000 shares at the price of HK\$1.50 per share to Primus Pacific Partners Investments 2 Limited less the consolidated net loss for the Year of HK\$25.62 million.

Net current assets: The Group had net current assets of HK\$621.22 million (31 March 2008: HK\$744.73 million) and no borrowings as at 31 March 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 31 March 2009, was 0.02 (31 March 2008: 0.02).

Property, plant and equipment: The purchase of additional office equipment and furniture and fixtures of HK\$0.20 million was to cope with the additional personnel and the increase in rental floor areas during the Year. During the year, depreciation of HK\$0.054 million (2008: HK\$Nil) was expensed to the consolidated income statement.

Investments in associates: The increase in investments in associates to HK\$59.65 million as at 31 March 2009 (31 March 2008: HK\$2.99 million) represents the two new investments made by the Group in OP Calypso Capital Group and CSOP and the share of net results of the three asset management companies for the Year.

Available-for-sale financial assets: The significant increase in available-for-sale financial assets to HK\$209.64 million (31 March 2008: HK\$0.56 million) represents the co-investment made in OP Calypso Capital Group and Kaisin and the fair value appreciation at the reporting date.

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\$237.58 million (31 March 2008: HK\$0.009 million) was mainly resulting from the investment in the two investment funds.

Dividend and interest receivables: This mainly represents interest receivables from bank balances. The decrease in the dividend and interest receivables to HK\$0.32 million (31 March 2008: HK\$1.97 million) was resulted from the significant drop in bank deposit rates during the Year.

Tax recoverable: This represents recoverable of provisional tax payment for the year ended 31 March 2008.

Bank balances: As at 31 March 2009, the Group had bank balances of HK\$391.76 million (31 March 2008: HK\$753.91 million). The decrease in bank balances was mainly resulted from the utilisation of funds for the four major unlisted investments made for cash during the year and net of the share proceeds received from the issue of 78.50 million shares in December 2008.

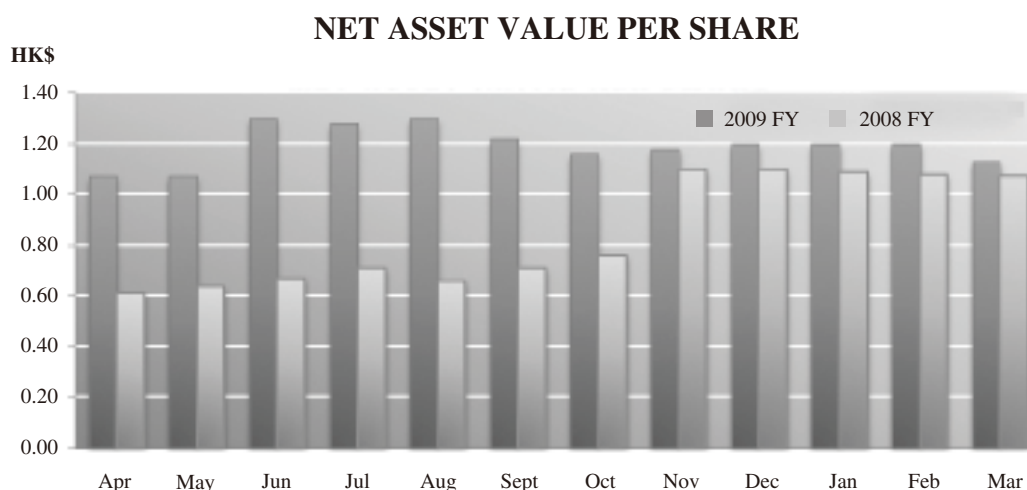
Other financial liabilities: This represents fair value of the additional consideration share options of 20 million shares which (subject to the achievement of certain vesting conditions as described in the announcement of the Company dated 26 June 2008) are issuable after 31 March 2009 in connection with investment in OP Calypso Capital Group.

Results

The Group reports a net loss for the Year of HK\$25.62 million comparing to a net loss of HK\$16.78 million for the corresponding year.

The reported net loss of HK\$25.62 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\$41.46 million from the appreciation of the fair value of such investments for the Year 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.

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 operating performance for the Year.



Income Statement

Turnover: Turnover comprises interest income and dividends from investments. The decrease in turnover to HK\$7.66 million (2008: HK\$9.46 million) was mainly due to the significant drop in bank deposit rates during the Year despite the Group had a higher average bank balances as comparing to the correspondence 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 loss on the unlisted 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 option for 20 million shares in connection with the investment in OP Calypso Capital Group.

Administrative expenses: The administrative expenses represent mainly staff costs, management fee to investment management, rental expenses and overhead costs incurred to maintain and support the operations of the Group. The increase of expenses to HK\$30.91 million (2008: HK\$24.82 million) was mainly due to increase in (i) staff costs to HK\$7.84 million (2008: HK\$1.87 million (exclusive of equity-settled share-based payments)) resulting from the increase in headcount; and (ii) rental expenses to HK\$0.87 million (2008: HK\$0.11 million). Such increase 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 three associates which amounted to HK\$4.81 million (2008: HK\$Nil). Subsequent to the year end date, two asset management joint ventures have been awarded with management/ advisory contract with assets size of approximately HK\$5,430 million.

Liquidity and financial resources

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

During the Year, the Group's balance sheet and cashflow remain strong. As at 31 March 2009, the Group had bank balances of HK\$391.76 million.

The Group had no bank borrowings and did not pledge any assets as collateral for overdrafts or other loan facilities during the period under review. The debt-to-equity ratio (interest bearing external borrowings divided by shareholders' equity) stood at zero while the current ratio (current assets divided by current liabilities) was 61 times. For further analysis of the Group's cash position, net current assets and gearing, please refer to paragraphs under sub-sections headed "*Financial position*" above.

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

Capital structure

In December 2008, the Company issued 78,500,000 new ordinary shares of HK\$0.10 each at an issue price of HK\$1.50 per share to Primus Pacific Partners Investments 2 Ltd pursuant to the general mandate granted to the Board by resolution of the shareholders passed at the annual general meeting of the Company held on 29 August 2008.

The issue price of HK\$1.50 per share represents a premium of about 111% to the last closing price of HK\$0.71 per share prior to the date of the relevant subscription agreement.

The issue of 78,500,000 new shares represents (i) an ideal opportunity to raise capital for the Company while broadening its shareholder base and the capital base; and (ii) Primus Pacific Partners Investments 2 Ltd may bring in future co-investment opportunities in financial services sector for the Group.

After the deduction of the related expenses, the net issue price of HK\$1.49 per share for the issue of 78,500,000 new shares raised net proceeds of approximately HK\$116.71 million which will be applied to finance future investments opportunities.

As at 31 March 2009, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK\$886.77 million and 784.50 million, respectively.

Investment portfolio

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

Employees

During the Year, the Group had 10 (2008: 8) employees, inclusive of the two executive directors. Total staff costs for the Year amounted to HK\$7.84 million (2008: HK\$9.04 million). The Group's remuneration policies are in line with the market practice and are determined on the basis of the performance and experience of individual employee.

Exposure to fluctuations in exchange rates and related hedges

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

Charges on the Group's assets and contingent liabilities

As at 31 March 2009, there were no charges on the Group's assets and the Group did not have any significant contingent liabilities.

OUTLOOK

The Group will continue to apply its unique “PEIB Investment Approach”, which combined strength of its capital and investment banking expertise, to seize investment opportunities in the market, with the ultimate goal of generating lucrative returns for shareholders.

The Board is focusing its eyes on the Russian and Central Asian markets where energy resources are abundant and growth potential is high. At its persistent efforts for over a year, the Group has established a well-organized network in Russia, Kazakhstan and Kyrgyzstan, and after in-depth research and intensive negotiations, a number of promising projects have been identified. The Group intends to draw on its own capital as well as larger leverage investment institutions to participate in those projects, with the aim of bringing the best returns to all parties involved. Meanwhile, in China, the Group has also accumulated a number of investment projects under screening and due diligence. We are looking forward to seizing some of these projects in the coming year.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company or any of its subsidiaries 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 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) and the Company (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; one non-executive director, Mr Liu Hongru; and three independent non-executive directors, namely, Mr Kwong Che Keung, Gordon, Professor He Jia and Mr Wang Xiaojun.

By order of the Board
OP Financial Investments Limited
Zhang Gaobo
Executive Director and CEO

Hong Kong SAR, 21 July 2009