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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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

The Board of Directors (the “Board” or the “Directors”) of OP Financial Investments Limited (the “Company” or “OP Financial”) is pleased to announce the unaudited condensed results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2016 (the “Period”) with comparative figures for the corresponding period in 2015 and selected explanatory notes as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

		Six months ended 30 September	
		2016	2015
		(Unaudited)	(Unaudited)
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	3	46,662	12,825
Net change in unrealised (loss)/gain on financial assets at fair value through profit or loss			
– Classified as held for trading		(55,704)	(27,606)
– Designated as such upon initial recognition		(329)	(1,936)
		(56,033)	(29,542)
Realised gain on sale of listed investment		125,741	–
Realised gain on redemptions of investment funds		–	15,265
Realised gain on sale of financial assets at fair value through profit or loss		–	7,269
Distribution from capital return on investment of a joint venture		–	66,824
Impairment loss on available-for-sale financial assets		(46,125)	(14,088)
Equity-settled share-based payments		(5,602)	(387)
Operating and administrative expenses		(42,993)	(26,937)

* For identification purposes only

		Six months ended	
		30 September	
		2016	2015
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
<i>Note</i>			
	Profit from operations	21,650	31,229
	Share of results of associates	14,700	13,484
	Impairment loss on investment in an associate	(1,765)	–
	Profit before tax	34,585	44,713
	Taxation	5 (12,958)	–
	Profit for the Period	6 21,627	44,713
	Other comprehensive income		
	<i>Items that may be reclassified to profit or loss</i>		
	Available-for-sale financial assets:		
	Fair value changes	(48,924)	(17,346)
	Impairment losses	46,125	14,088
	Share of other comprehensive income of associates:		
	Fair value changes of available-for-sale financial assets	–	(2,456)
	Exchange differences	(170)	(234)
	Net other comprehensive income for the Period	(2,969)	(5,948)
	Total comprehensive income for the Period	18,658	38,765
	Earnings per share		
	Basic	7(a) 1.17 cents	3.65 cents
	Diluted	7(b) 1.17 cents	3.64 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

		30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
	Note		
Non-current assets			
Property, plant and equipment		311	96
Investments accounted for using equity method		478,321	466,453
Available-for-sale financial assets		283,515	192,721
Financial assets at fair value through profit or loss		133,150	8,596
		<u>895,297</u>	<u>667,866</u>
Current assets			
Financial assets at fair value through profit or loss		517,930	274,934
Accounts and loans receivable	8	11,663	3,905
Interest receivable		18,390	804
Prepayments and other receivables		714	39,655
Bank and cash balances		1,210,739	1,670,548
		<u>1,759,436</u>	<u>1,989,846</u>
TOTAL ASSETS		<u>2,654,733</u>	<u>2,657,712</u>
Capital and reserves			
Share capital		184,140	184,140
Reserves		2,432,428	2,454,203
TOTAL EQUITY		<u>2,616,568</u>	<u>2,638,343</u>
Current liabilities			
Receipt in advance		5,600	–
Other payables		4,929	4,691
Tax payable		27,636	14,678
TOTAL LIABILITIES		<u>38,165</u>	<u>19,369</u>
TOTAL EQUITY AND LIABILITIES		<u>2,654,733</u>	<u>2,657,712</u>
NET ASSETS		<u>2,616,568</u>	<u>2,638,343</u>
Net asset value per share	9	<u>HK\$1.42</u>	<u>HK\$1.43</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2016

1 BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information for the six months ended 30 September 2016 (the “Period”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 March 2016, except as stated in note 2 below.

2 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2016, as described in those annual financial statements, except:

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following standards or interpretations are effective for the first time for this interim period and adopted by the Company and its subsidiaries (together, “the Group”).

- Amendments to HKFRS 10, HKFRS 12 and HKAS 28 on investment entities: applying the consolidation exception clarifies the application of the consolidation exception for investment entities and their subsidiaries. The amendments to HKFRS 10 clarifies that the exception from preparing consolidated financial statements is available to intermediate parent entities which are subsidiaries of investment entities. The exception is available when the investment entity parent measures its subsidiaries at fair value. The intermediate parent would also need to meet the other criteria for exception listed in HKFRS 10. The amendments also clarifies that an investment entity should consolidate a subsidiary which is not an investment entity and which provides services in support of the investment entity’s investment activities, such that it acts as an extension of the investment entity. However, the amendments also confirm that if the subsidiary is itself an investment entity, the investment entity parent should measure its investment in the subsidiary at fair value through profit or loss. This approach is required regardless of whether the subsidiary provides investment related services to the parent or to third parties. The amendments to HKAS 28 allows an entity which is not an investment entity, but has an interest in an associate or a joint venture which is an investment entity, a relief to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture for their subsidiaries when applying the equity method. The standard is effective for annual periods beginning on or after 1 January 2016 and earlier application is permitted. The Group is assessing the impact of amendments to HKFRS 10, HKFRS 12 and HKAS 28.

- Amendments to HKAS 27 on equity method in separate financial statements allow entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The standard is effective for annual periods beginning on or after 1 January 2016 and earlier application is permitted. The Group is assessing the impact of amendments to HKAS 27.

“Annual Improvements to HKFRSs 2012–2014 Cycle”, effective for the accounting period on or after 1 January 2016, includes a number of amendments to various HKFRSs. None of the amendments are expected to have an impact to the Group except for amendments to HKFRS 7 “Financial instruments: Disclosures” and amendments to HKAS 34 “Interim financial reporting”. The impact of these two amendments are summarised below:

- HKFRS 7 Financial instruments: Disclosures clarifies the additional disclosure required by the amendments to HKFRS 7, ‘Disclosure – offsetting financial assets and financial liabilities’ is not specifically required for all interim periods, unless required by HKAS 34.
- HKAS 34 Interim financial reporting clarifies what is meant by the reference in the standard to ‘information disclosed elsewhere in the interim financial report’. It also amends HKAS 34 to require a cross-reference from the interim financial statements to the location of that information.
- Other amendments to HKFRS effective for the annual periods beginning on or after 1 April 2016 do not have a material impact to the Group.

The following standards and amendments to standards have been issued but are not effective for the financial period beginning 1 April 2016 and have not been early adopted:

- i) HKFRS 9 “Financial instruments” addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is assessing the impact of HKFRS 9.

- ii) HKFRS 15 “Revenue from contracts with customers” deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 “Revenue” and HKAS 11 “Construction contracts” and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of HKFRS 15.

- iii) HKFRS 16 “Leases” addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces HKAS 17 “Leases”, and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. The Group is assessing the impact of HKFRS 16.

There are no other HKFRSs or HK (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

3 REVENUE

Revenue, which is also the Group’s turnover, represents the income received and receivable on investments during the period as follows:

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Dividend income from unlisted investments	698	2,038
Performance premium from co-investment partner	7,758	7,752
Option premium received	16,798	–
Interest income	21,408	3,035
	46,662	12,825

4 SEGMENT INFORMATION

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

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

Geographical information

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Revenue		
Hong Kong	30,118	5,037
China	7,758	7,788
Other countries	8,786	–
	46,662	12,825

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

	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Non-current assets other than financial instruments		
Hong Kong	126,961	114,878
China	351,671	351,671

Information about major investments

During the Period, call option premium received, interest income received from two of the Group's debt instruments and performance premiums derived from one of the Group's unlisted investments, which individually accounted for 10% (2015: 10%) or more of the Group's revenue amounted to approximately HK\$16,798,000, HK\$9,183,000, HK\$8,088,000 and HK\$7,758,000 respectively (2015: performance premium derived from one of the Group's unlisted investments and dividend received from one of the investments, amounted to approximately HK\$7,752,000 and HK\$2,038,000).

5 TAXATION

Taxation represents Hong Kong Profits Tax which has been provided at a rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the Period (2015: nil).

As at 30 September 2016, the Group has unused tax losses of approximately HK\$16,375,000 (31 March 2016: HK\$44,086,000) available to offset against future profits.

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

6 PROFIT FOR THE PERIOD

The Group's profit for the Period is stated after charging the followings:

	Six months ended 30 September 2016 (Unaudited) HK'000	2015 (Unaudited) HK'000
Auditor's remuneration		
– Audit	703	585
– Others	302	285
	1,005	870
Depreciation	47	8
Investment management fee	20,663	13,364
Operating lease payments in respect of office premises	2,751	2,236
Staff costs (including directors' emoluments)		
Salaries and other benefits	10,523	8,396
Retirement benefits scheme contributions	175	136
Equity-settled share based compensation	5,602	387
	16,300	8,919

7 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the Period by the weighted average number of ordinary shares in issue during the Period.

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
Profit for the Period (<i>HK\$'000</i>)	<u>21,627</u>	<u>44,713</u>
Weighted average number of ordinary shares in issue (<i>in thousand</i>)	<u>1,841,396</u>	<u>1,226,642</u>
Basic earnings per share	<u>1.17 cents</u>	<u>3.65 cents</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
Profit for the Period (<i>HK\$'000</i>)	<u>21,627</u>	<u>44,713</u>
Weighted average number of ordinary shares in issue (<i>in thousand</i>)	<u>1,841,396</u>	<u>1,226,642</u>
Adjustment for shares options (<i>in thousand</i>)	<u>–</u>	<u>94</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>in thousand</i>)	<u>1,841,396</u>	<u>1,226,736</u>
Diluted earnings per share	<u>1.17 cents</u>	<u>3.64 cents</u>

8 ACCOUNTS AND LOANS RECEIVABLE

		30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
	<i>Note</i>		
Accounts receivable	(a)	11,635	3,877
Amounts due from associates	(b)	28	28
		11,663	3,905
Analysed as:			
Current assets		11,663	3,905

Notes:

- (a) At 30 September 2016, the Group's accounts receivable represented performance premium receivable from an investment partner. The Group does not hold any collateral or other credit enhancements over the accounts receivable. The aging analysis of accounts receivable based on the invoice date is as follows:

	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Unbilled	11,635	3,877

Unbilled accounts receivable represents performance premium recognised throughout the Year. It will be billed in arrear at the end of each calendar year.

At 30 September 2016 and 31 March 2016, the accounts receivable were neither past due nor impaired.

- (b) Amounts due from associates are interest-free, unsecured and repayable on demand.

9 NET ASSET VALUE PER SHARE

The net asset value per share is calculated by dividing the net asset value of the Group as at 30 September 2016 of approximately HK\$2,616,568,000 (31 March 2016: HK\$2,638,343,000) by the number of ordinary shares in issue at that date, being 1,841,396,000 (31 March 2016: 1,841,396,000).

10 DIVIDEND

The Board has resolved not to pay any interim dividend in respect of the Period (2015: Nil).

The Directors recommended the payment of a final dividend of HK 2.5 cents per ordinary share for the year ended 31 March 2016 to the shareholders whose names are registered on the register of members of the Company on 7 September 2016. It was approved at the Annual General Meeting held on 31 August 2016 and total final dividend of HK\$46,034,900 was paid on 15 September 2016.

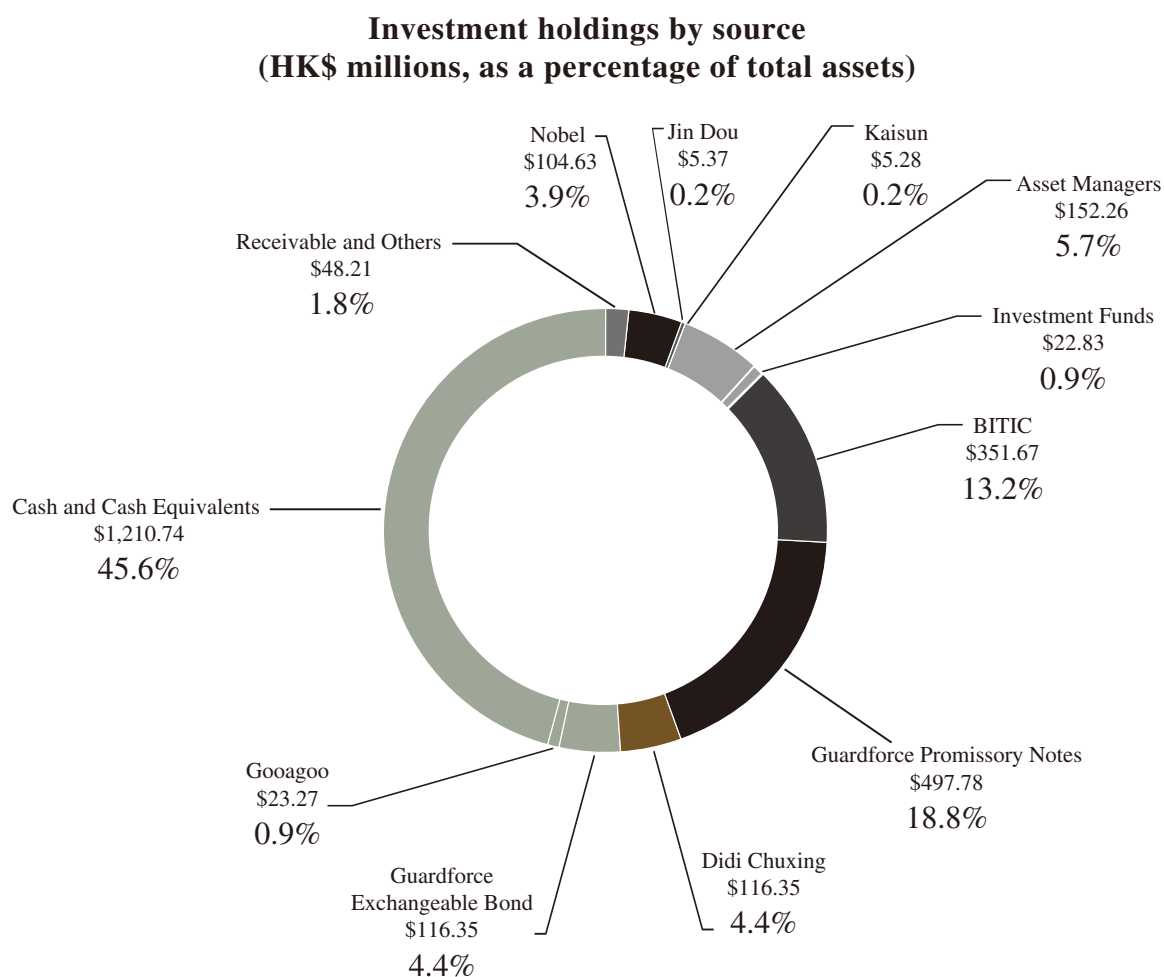
MANAGEMENT DISCUSSION AND ANALYSIS

INVESTMENT REVIEW

OP Financial is a company based in Hong Kong with a focus on cross-border investment opportunities. The Company is listed on the main board of Hong Kong Stock Exchange under the ticker of 1140.

OP Financial's main investment focuses include direct investment solutions and the development of financial services platform. The Group provides PRC investors with access to attractive equity opportunities in overseas markets and international investors with Chinese opportunities. The Group also invests in bonds and funds of listed and unlisted equities to generate diversified returns.

During the Period, the investment portfolio performed well. The total comprehensive income amounted to a gain of HK\$18.66 million, which are primarily due to performance premium, interest income, options premium and divestment of Phoenix Healthcare Group Co. Ltd, offsetting impairment losses.



Direct Investments

OP Financial's direct investment solutions includes direct proprietary and syndicated investments. Against the backdrop of increasing cross-border transactions and high-tech industry development, OP Financial has made several new investments, including Beijing International Trust Co. Ltd, Xiaoju Kuaizhi Inc, Guardforce Holdings (HK) Ltd and Gooagoo Group Holdings Ltd. In the meantime, OP Financial has made a divestment of Phoenix Healthcare Group Co. Ltd during the Period.

Beijing International Trust Co. Ltd



北京信托

OP Financial invested in 25% of equity interest in Treasure Up Ventures Limited ("Treasure Up") for a total of US\$45.17 million (equivalent to approximately HK\$351.67 million) through a combination of equity capital and shareholder loan. Treasure Up participates in a 15.3% investment in Beijing International Trust Co. Ltd ("BITIC"), which translated to a 3.8% indirect interest of OP Financial in BITIC.

Founded in 1984 and headquartered in Beijing, BITIC is a large-scale non-banking financial institution engaging in trusts business, investment fund business, financial services business, brokerage and advisory businesses. As at the end of 2015, BITIC had net assets of RMB6.99 billion and trusts' total asset of RMB206.4 billion. BITIC reported total revenue of RMB1.852 billion and net income of RMB978 million as of 31 December 2015.

According to China Trustee Association, the aggregated assets under management of China's 68 trust companies were RMB16.3 trillion at the end of December 2015, an increase of 16.6% as compared to 2014. The industry had total profits of RMB75 billion, an increase of 17% from a year earlier. The investment interest in BITIC gives OP Financial access to one of the dominant participants in the promising market.

Xiaoju Kuaizhi Inc.



OP Financial subscribed series A-18 preferred shares issued by Xiaoju Kuaizhi Inc ("Didi Chuxing"). Total subscription from OP Financial was US\$15 million (equivalent to approximately HK\$116.35 million).

Didi Chuxing is a major Chinese ride-hailing service provider with over 300 million users in more than 400 cities in China since its establishment in 2012. Didi Chuxing holds over 87% of the market for private car-hailing, completes over 11 million rides a day. On 1 August 2016, Didi Chuxing announced a merger with Uber China, turning its US\$28 billion valuation in the latest fundraising round into a valuation of around US\$35 billion. The investment in Didi Chuxing allows OP Financial to benefit from the attractive opportunities arise in the sharing economy.



OP Financial has provided funding to China Security & Fire Co., Ltd (“China S&F”), a listed company on Shanghai Stock Exchange (Stock Code: 600654) to expand overseas through acquisitions. China S&F, founded in 1987, engages in the provision of security system integration and operation services and manufacturing of security intelligent products. China S&F acquired Guardforce Hong Kong Ltd and Guardforce (Macau) previously, and set out its plan to acquire security assets in Australia and Thailand.

To help its overseas expansion, OP Financial subscribed approximately US\$64.18 million (equivalent to approximately HK\$497.78 million) 6.5% promissory notes issued by Guardforce Investment Holdings PTY Ltd, a subsidiary of China S&F, with a maturity date of 15 December 2016. The proceeds issued by the promissory notes will be used for its acquisition of security assets in Australia.

In addition, OP Financial also subscribed a US\$15 million (equivalent to approximately HK\$116.35 million) exchangeable bond issued by Guardforce Holdings (HK) Ltd which is a company fully controlled by Mr. Tu Guoshen, the controlling shareholder of China S&F. At maturity, the bond can be exchangeable into 75% ordinary shares of Guardforce Holdings Ltd, which indirectly holds 97.5% common shares of Guardforce Cash Solutions (Thailand) Ltd (“Guardforce Thailand”). Guardforce Thailand is an independent cash solutions provider which engages in cash management and ATM management services. It consists of 17 branches nationwide and holds 22% market share at the end of 2015. The investment allows OP Financial to secure 20% annual compound rate of return, while also enjoy an upside of appreciation in asset value on condition that China S&F acquires Guardforce Thailand. Meanwhile, a series of call options are attached to the investment which allows Mr. Tu to exercise the option to purchase the above mentioned exchangeable bond owned by OP Financial.

Gooagoo Group Holdings Ltd



GOOAGOO 购阿购

OP Financial subscribed US\$3 million (equivalent to approximately HK\$23.27 million) limited partnership interest in Tsingdata Holdings L.P. (“Tsingdata”), a BVI registered partnership with the sole purpose of investing into Gooagoo Group Holdings Ltd (“Gooagoo”). Gooagoo is a high-tech service provider for Offline-to-Online data processing, big data analysis and online marketing platform operation. Its core products are open data bridging technology, which collects real-time consumption data from merchants’ cash register system, and color bill system, which enables customers to get access to electronic receipts, mobile payment portal and merchants’ promotional information by simply scanning QR code printed on receipts using mobile phone.

Tsingdata is sponsored by Tsingdata D-LAB Technologies Co., Limited, which focuses on big data and technology investments and is supported by Institute for Data Science of Tsinghua University, Tsinghua Big Data Industries Association, TusPark Business Incubator Co. Ltd. The investment in Gooagoo fits well with OP Financial's portfolio strategy in terms of technology and "Internet Plus".

Nobel Holdings Investments Ltd



OP Financial holds a co-investment vehicle with China Investment Corporation ("CIC"), named Thrive World Ltd, which represents a 50% equity interest in Nobel Holdings Investments Ltd ("Nobel"). Total OP Financial contribution was US\$30 million (equivalent to approximately HK\$232.65 million).

Nobel is one of the largest independent upstream oil producers in Russia, with principal assets include nine subsoil licenses covering seven oil fields and two exploration areas in Komi Republic and Western Siberia. According to the latest reserve report, the proved oil reserve and probable oil reserves of Nobel's oil fields were approximately 122 million barrels and 175 million barrels as at 31 December 2014 respectively.

During the Period, the oil price exerts significant pressure on oil production companies. Nobel continued to control the cost to cope with thin operating margins and a depreciated Ruble. The fair value of Nobel dropped from HK\$131.29 million to HK\$104.63 million.

Jin Dou Development Fund L.P.

OP Financial formed a co-investment vehicle with CIC, named Jin Dou Development Fund L.P. ("Jin Dou") in 2009, whose purpose is to explore agricultural investment opportunities in Kazakhstan, diversify the country's crops and commercialise regional production such as non-genetically modified soybeans for export. CIC and OP Financial committed US\$300 million and US\$15 million respectively to the project. Nevertheless only a capital call of US\$1.5 million has been made to OP Financial up to date. While the position fell slightly from HK\$5.56 million to HK\$5.37 million, the Group's investment in Jin Dou remains positive after taking into account the performance premiums received since inception.

Asset Managers (Financial services platform)

Financial services platform includes joint ventures with financial institutions and infrastructure fund platform focusing on developing home grown asset managers. During the Period, OP Financial has investments in four asset management companies, of which the major positions are CSOP Asset Management Ltd and OP Investment Management.



OP Financial established an asset management joint venture in Hong Kong named CSOP Asset Management Limited (“CSOP”) with China Southern Asset Management Co. Ltd (“China Southern”) in 2008. China Southern is one of China’s most premier asset management companies which provides a broad range of funds with total AUM of RMB502.7 billion, including a mutual fund AUM of RMB326.6 billion, ranked among top 10 Chinese asset management companies as of 31 December 2015.

With a dedicated focus on China, CSOP manages private and public funds, as well as provides investment advisory services to Asian and global investors. To date, CSOP holds a total of RMB46.10 billion Renminbi Qualified Foreign Institutional Investor (RQFII) quota, making it the largest RQFII asset manager globally. In addition, CSOP’s ETFs account for about 67% of all RQFII ETFs in terms of AUM; turnover and trading volume dominated market, accounting for about 74% total turnover in the RQFII ETF market.

OP Financial owns 24% of issued capital of CSOP. The carrying value of the Group’s CSOP position was HK\$119.38 million at 30 September 2016, an increase of 14.04% as compared to the value at 31 March 2016. Given its leading position, the Group believes CSOP will continue to promise high returns. OP Financial will hold this position as one of the core investments in its financial services platform.

OP Investment Management (“OPIM”)

OPIM, comprising OP Investment Management (Cayman) Ltd (“OPIM Cayman”) and OP Investment Management Ltd (“OPIM Hong Kong”), is an asset management platform which serves Asian-based managers to develop funds across diversified strategies for institutional and professional investors. OP Financial invested in 30% issued ordinary share capital and the 100% non-voting preference shares of OPIM Hong Kong and OPIM Cayman.

Hong Kong’s hedge fund industry has been growing. According to Preqin’s Report in 2016, assets under management of the hedge fund industry reaches US\$67 billion in Hong Kong, making it a leading region in Asia-Pacific. Meanwhile, increasing demands of global asset allocation and Hong Kong’s stable trading regulations are driving Chinese hedge fund managers to set up new funds in Hong Kong.

OPIM’s institutional fund platform has built an ecosystem linking up fund managers, service providers and capital allocators. Fund managers are able to work with the industry’s best service partners and launch funds through fast and affordable structures. Capital allocators partner with OPIM to connect the region’s top undiscovered talents who have performance, track record and institutional-grade infrastructure.

The investment allows OP Financial to enjoy promising prospects of hedge fund industry developments. Given total number of funds increases, the Group’s investment position in OPIM increased to HK\$26.68 million during the Period.

Other Investments

Phoenix Healthcare Group Co. Ltd



OP Financial invested HK\$199.08 million or 3.4% interest in Phoenix Healthcare Group Co. Ltd (“Phoenix Healthcare”, Stock Code: 1515) as its listed portfolio company in the first quarter of 2016. Phoenix Healthcare is one of the largest private hospital groups in China, which engages in the general hospital services, hospital management services and supply chain business in Beijing. During the Period, OP Financial fully divested its investment in Phoenix Healthcare and recognised HK\$125.74 million gain from this investment.

Dance Biopharm Holdings Inc.



OP Financial invested approximately US\$2.2 million (equivalent to HK\$17.08 million) into 548,531 common shares of Dance Biopharm Holdings Inc. (“Dance”), a US-based pharmaceutical company whose technologies allow diabetics to inhale insulin as an alternative to self-injection. In addition to equity holdings in Dance, the deal structure grants OP Financial shares in a separate joint venture company named Harmony Plus Holdings Ltd with exclusive distribution rights to Asia. Given Dance has been facing tough market condition, financial difficulties and uncertainties in commercialisation, OP Financial will made a full provision in its investment in Dance, which only accounts for less than 1% of OP Financial’s total asset value.

The full list of the Group’s investment are set out in note 13, 14 and 15 to the condensed consolidated interim financial information.

FINANCIAL REVIEW

Financial position

Net asset value: The Group’s net assets as at 30 September 2016 is HK\$2.62 billion, or HK\$1.42 per share.

Gearing: The gearing ratio, which is calculated on the basis of total liabilities over total equity as at 30 September 2016, was 0.01 (31 March 2016: 0.01). We continue to maintain a low leverage policy for our investments.

Investments accounted for using equity method: It represents mainly our share of net assets of asset management companies and new interest in Treasure Up, which participates in an investment in BITIC. Assets increased by 2.54% to HK\$478.32 million as at 30 September 2016 (31 March 2016: HK\$466.45 million), mainly due to an increase of CSOP's carrying amount.

Available-for-sale financial assets: A 47.11% increase from HK\$192.72 million to HK\$283.51 million, mainly due to new investments in Didi Chuxing and Gooagoo.

Financial assets at fair value through profit or loss: An increase from HK\$283.53 million to HK\$651.08 million during the Period was primarily due to (i) unlisted debt investments in Guardforce and Finance Center for South-South Cooperation Ltd, and (ii) divestment in listed shares of Phoenix Healthcare.

Bank and cash balances: As at 30 September 2016, bank and cash balances plus deposits decreased from HK\$1.67 billion to HK\$1.21 billion primarily attributable to (i) new investments in equities and debt instruments, such as Guardforce and Didi Chuxing, and (ii) divestment in Phoenix Healthcare.

RESULTS

The Group was profitable during the Period. The total comprehensive income amounted to a gain of HK\$18.66 million compared to HK\$38.77 million in the same period of last year. These are primarily due to performance premiums from Jin Dou, interest income generating from two of the Group's debt instruments, call option premium and divestment of Phoenix Healthcare, offsetting impairment losses.

Consolidated Statement of Comprehensive Income

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

	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Dividend income from unlisted investments ⁽¹⁾	698	2,038
Performance premium from co-investment partner ⁽²⁾	7,758	7,752
Option premium received ⁽³⁾	16,798	–
Interest income ⁽⁴⁾	21,408	3,035
	46,662	12,825

(1) Dividends received from Real Estate Opportunity Capital Fund during the Period

(2) CIC, co-investment partner in both Jin Dou agriculture partnership and Nobel, awarded OPFI performance premiums totaling HK\$7.76 million (30 September 2015: HK\$7.75 million) to the Group in return for our resources allocated to the agricultural partnership – Jin Dou

(3) Premium of call options attached to the investment of Guardforce

(4) Interest income of HK\$21.41 million generates from two of the Group's debt instruments of Guardforce and Finance Center for South-South Cooperation Ltd, as well as term deposit in banks

Net change in unrealised loss on financial assets at fair value through profit or loss: The net change in unrealised loss of HK\$56.03 million mainly represents the net result of (i) the unrealised gain of HK\$59.72 million on listed shares; (ii) the unrealised loss of HK\$8.55 million on investment funds; (iii) the transfer out of net unrealised gain of HK\$107.24 million on Phoenix Healthcare.

Realised gain on disposal of investments: This represents a realised gain of HK\$125.74 million on divestment of Phoenix Healthcare.

Impairment loss on available-for-sale financial assets: The HK\$46.12 million loss represents impairments on Nobel, Dance and one of our listed securities, Kaisun Energy Group Limited (Stock Code: 8203).

Equity-settled share-based payments: This represents the value of share options vested during the Period. These share options were granted to certain directors, employees and consultants on 20 May 2016, which are vested over five years from the grant date.

Operating and administrative expenses: The total amount of HK\$42.99 million is mainly the result of investment management fees and staff costs.

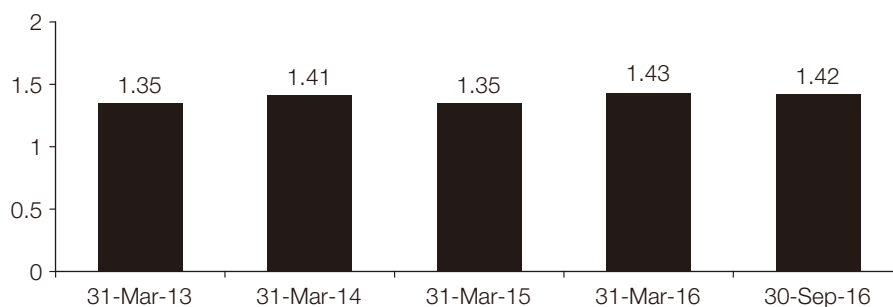
Share of results of associates: A net amount of HK\$14.70 million (2015: HK\$13.48 million) accounts for our share of results of associates including CSOP, Guotai Junan and OPIM. These companies generate revenue based on management and performance fees from assets under management.

Other comprehensive income: Changes to the Group's NAV, otherwise not accounted for in "profit for the Period", are found in "other comprehensive income". The loss of HK\$2.97 million is mainly net of: (i) decrease in fair value of available-for-sale investments by HK\$48.92 million and (ii) impairment loss on available-for-sale financial assets transferred to "profit for the Period" of HK\$46.12 million. Combining with the "profit for the Period", the total comprehensive income for the Period was a gain of HK\$18.66 million.

Fair value changes recognised in Other Comprehensive Income:

	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Nobel	(26,667)	(14,088)
Kaisun	(2,378)	1,057
OPIM	3,010	545
Jin Dou	(187)	(538)
Dance	(21,268)	(4,322)
OP Vision	(1,334)	–
Didi Chuxing	(97)	–
Gooagoo	(3)	–
Fair value decrease	(48,924)	(17,346)

NAV Per Share in HK\$



DIVIDEND POLICY AND PROPOSED FINAL INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend in respect of the six months ended 30 September 2016 (2015: nil).

LIQUIDITY AND FINANCIAL RESOURCES

Dividend income from investments held, performance premiums, option premium, and interest income from bank deposits and financial instruments held are currently the Group's major source of revenue.

During the Period, the Group continued to maintain a significant balance of cash and cash equivalents. As at 30 September 2016, the Group had cash and bank balances of HK\$1.21 billion (31 March 2016: HK\$1.67 billion). 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 46 times (31 March 2016: 103 times). For further analysis of the Group's cash position, current assets and gearing, please refer to paragraphs under sub-sections headed "Financial position" above. The Board believes that the Group has sufficient financial resources to satisfy its immediate investments and working capital requirements.

CAPITAL STRUCTURE

As at 30 September 2016, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK\$2.62 billion (31 March 2016: HK\$2.64 billion) and 1,841,396,000 (31 March 2016: 1,841,396,000), respectively.

MATERIAL ACQUISITIONS AND DISPOSALS OF INVESTMENTS

The Group had the following material acquisitions and investments, as well as disposals of investments during the Period.

- Subscription of HK\$497.78 million promissory notes issued by Guardforce Investment Holdings PTY Ltd
- Subscription of HK\$116.35 million exchangeable bond issued by Guardforce Holdings (HK) Ltd
- Investment of HK\$116.35 million in Xiaoju Kuaizhi Inc
- Investment of HK\$23.27 million in Gooagoo Group Holdings Ltd
- Disposal of HK\$324.82 million in Phoenix Healthcare

SEGMENT INFORMATION

Segment information of the Group is set out in note 4 on pages 6 and 7 of this announcement.

EMPLOYEES

During the Period, the Group had 35 (2015: 31) employees, inclusive of all directors of the Group and its subsidiaries. Total staff costs for the Period amounted to HK\$16.30 million (2015: HK\$8.92 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.

SHARE OPTION SCHEME

The detailed disclosures relating to the Company's share option scheme and valuation of options are set out in note 18 to the condensed consolidated interim financial information.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

At 30 September 2016, the Group had exposure to foreign exchange fluctuation from its bank balances. These bank balances were denominated in RMB and the maximum exposure to foreign currency risk was RMB55,000, equivalent to HK\$64,000 (at 31 March 2016: RMB55,000, equivalent to HK\$66,000).

At 30 September 2016, the Group held certain financial assets which were denominated in USD. The Board is of the opinion that the Group's exposure to USD foreign currency risk is minimal as HKD was pegged to USD by the Hong Kong's Linked Exchange Rate System.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2016, there were no charges on the Group's assets and the Group did not have any significant contingent liabilities.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND THEIR EXPECTED SOURCES OF FUNDING

As at 30 September 2016, there were no plans for material investments or capital assets, but the Company may, at any point, be negotiating potential investments. The Company considers new investments as part of its normal business, and therefore management may publically announce these plans as they become necessarily disclosable to shareholders during the course of the financial year.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company or any of its subsidiaries has not purchased, sold or redeemed any of the Company's securities during the Period.

CORPORATE GOVERNANCE CODE

Except otherwise stated herein, 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 Corporate Governance Code set out in Appendix 14 to the Listing Rules.

Code Provision A.6.7 provided that, the independent non-executive Directors and other non-executive Directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. During the Period, each of Mr. Zhang Gaobo and Prof. He Jia attended both of the extraordinary general meeting ("EGM") and the annual general meeting ("AGM") of the Company which were held on 13 May 2016 and 31 August 2016 respectively. However, due to other business commitment on urgent basis, Mr. Zhang Zhi Ping, the Chairman and an executive Director ("ED") and Mr. Kwong Che Keung Gordon, the chairman of the audit committee and an independent non-executive Director ("INED"), did not attend the EGM while Dr. Liu Zhiwei, the president and an ED and Mr. Wang Xiaojun, the chairman of remuneration committee and an INED, did not attend the AGM. Nevertheless, each of Dr. Liu Zhiwei and Mr. Wang Xiaojun attended the EGM and each of Mr. Zhang Zhi Ping and Mr. Kwong Che Keung Gordon attended the AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a "Policy for Director and Employee Dealings in the Company's Securities" which supplements the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules and is available on the Company's website. Following specific enquiry by the Company, all Directors have confirmed, that they have fully complied with the Model Code and the aforesaid internal policy regarding directors' securities transactions throughout the Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

At no time during the Period was the Company or its associated corporation(s) 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 corporation(s).

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 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 the Period in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

FORWARD-LOOKING STATEMENTS

This announcement contains certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of the Company regarding the industry and markets in which it invests. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.opfin.com.hk). The interim report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and that of the Company in due course.

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

Hong Kong SAR, 28 November 2016

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