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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 2017

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 2017 (the “Period”) with comparative figures for the corresponding period in 2016 and selected explanatory notes as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

		Six months ended 30 September	
		2017	2016
		(Unaudited)	(Unaudited)
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	3	43,244	46,662
Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss			
– Classified as held for trading		96,547	(55,704)
– Designated as such upon initial recognition		17,468	(329)
		114,015	(56,033)
Net change in unrealized gain on financial liabilities at fair value through profit or loss		10,852	–
Realised gain on sale of listed investments		–	125,741
Other income		380	–
Impairment loss on available-for-sale financial assets		(3,353)	(46,125)
Equity-settled share-based payments		(2,959)	(5,602)
Operating and administrative expenses		(57,964)	(42,993)

* For identification purposes only

		Six months ended 30 September	
		2017	2016
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
<i>Note</i>			
	Profit from operations	104,215	21,650
	Share of results of associates	42,923	14,700
	Impairment loss on investment in an associate	<u>–</u>	<u>(1,765)</u>
	Profit before tax	147,138	34,585
	Taxation	<u>5 (15,790)</u>	<u>(12,958)</u>
	Profit for the period	<u>6 131,348</u>	<u>21,627</u>
	Other comprehensive income		
	<i>Items that may be reclassified to profit or loss</i>		
	Available-for-sale financial assets:		
	Fair value changes	24,701	(48,924)
	Impairment loss	3,353	46,125
	Share of other comprehensive income of associates:		
	Exchange differences	<u>115</u>	<u>(170)</u>
	Net other comprehensive income for the period	<u>28,169</u>	<u>(2,969)</u>
	Total comprehensive income for the period	<u>159,517</u>	<u>18,658</u>
	Earnings per share		
	Basic	7(a) <u>6.92 cents</u>	<u>1.17 cents</u>
	Diluted	7(b) <u>6.86 cents</u>	<u>1.17 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2017

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
<i>Note</i>		
Non-current assets		
Fixed assets	267	294
Investments accounted for using equity method	888,601	644,123
Available-for-sale financial assets	346,740	322,039
Financial assets at fair value through profit or loss	106,843	239,912
	1,342,451	1,206,368
Current assets		
Financial assets at fair value through profit or loss	779,744	35,258
Held-to-maturity investments	474,993	–
Accounts and loans receivable	82,337	3,970
Interest receivables	6,108	2,543
Prepayments and other receivables	11,334	1,199
Pledged bank deposit	74,211	–
Bank and cash balances	499,990	1,786,810
	1,928,717	1,829,780
TOTAL ASSETS	3,271,168	3,036,148
Capital and reserves		
Share capital	189,740	189,740
Reserves	2,811,629	2,724,760
TOTAL EQUITY	3,001,369	2,914,500
Current liabilities		
Accounts payable	65,828	63,210
Other payables	5,892	5,197
Loan payable	70,530	–
Financial liabilities at fair value through profit or loss	49,360	–
Tax payable	28,271	27,888
	219,881	96,295
Non-current liabilities		
Financial liabilities at fair value through profit or loss	34,511	25,353
Deferred tax liabilities	15,407	–
	49,918	25,353
TOTAL LIABILITIES	269,799	121,648
TOTAL EQUITY AND LIABILITIES	3,271,168	3,036,148
NET ASSETS	3,001,369	2,914,500
Net asset value per share	HK\$1.58	HK\$1.54

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2017

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 2017 (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 2017, 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 2017, 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 2017, 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.

Financial liabilities at fair value through profit or loss include the Group’s financial liabilities fluctuating based on the financial performance of the underlying investments. Financial liabilities at fair value through profit or loss are carried at fair value and any gains or losses from changes in fair value are recognized under “unrealized gain on financial liabilities at fair value through profit or loss” in the condensed consolidated statement of profit or loss and other comprehensive income.

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”).

- The amendment to HKAS 12 “Income Tax” on the recognition of deferred tax assets for unrealised losses clarifies how to account for deferred tax assets related to debt instruments measured at fair value.
- The amendment to HKAS 7 “Statement of cash flows” introduces an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- Other amendments to HKFRS effective for the annual periods beginning on or after 1 April 2017 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 2017 and have not been early adopted:

HKFRS 9, ‘Financial instruments’

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The other financial assets held by the Group include:

- equity instruments currently classified as AFS for which a FVOCI election is available.
- equity investments currently measured at fair value through profit or loss (FVPL) would likely continue to be measured on the same basis under HKFRS 9.

The management is currently assessing the effects of applying this new standard on the Group’s financial statements and do not foresee any significant impact if the adoption was made this Period.

There will be no significant impact on the Group’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules introduces a more principles-based approach and more hedge relationship might be eligible for hedge accounting. It does not have significant impact on the Group as the Group did not actively participate in hedging activities throughout the Period.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group’s disclosures about its financial instruments particularly in the year of the adoption of the new standard. The Group plans to adopt HKFRS9 when it becomes effective in 2018.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group plans to adopt HKFRS 9 when it becomes effective in 2018.

HKFRS 15, ‘Revenue from contracts with customers’

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date. The management is currently assessing the effects of applying this new standard on the Group’s financial statements and do not foresee any significant impact if the adoption was made this Period.

HKFRS 16, 'Leases'

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. The Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16. The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

Amendments to HKFRS 2, 'Classification and Measurement of Share-based Payment Transactions'

The amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modification from cash-settled awards to equity-settled awards. They also introduce an exception to the principles in HKFRS 2 that requires an award to be treated as if it is wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The amendments are mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the amendments before the effective date.

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

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	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividend income	1,135	698
Performance premium from co-investment partner	7,809	7,758
Interest income	34,300	21,408
Option premium received	–	16,798
	43,244	46,662

4 SEGMENT INFORMATION

The chief operating decision maker has been identified as the executive directors, subject to requirements of the Listing Rules. The executive directors assess the operating segments using a measure of operating profit. The Group's measurement policies for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements.

On adopting of HKFRS 8, based on the internal financial information reported to the executive directors 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	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Hong Kong	34,192	30,118
Mainland China	9,052	7,758
Other countries	–	8,786
	43,244	46,662

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

	30 September	31 March
	2017	2017
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Non-current assets other than financial instruments		
Hong Kong	164,993	139,505
Mainland China	723,875	504,912

Information about major investments

During the Period, interest income received from one of the Group's debt investments and performance premiums derived from one of the Group's unlisted investments, which individually accounted for 10% (2016: 10%) or more of the Group's revenue amounted to approximately HK\$24,603,000 and HK\$7,809,000 respectively (2016: 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 amounted to approximately HK\$16,798,000, HK\$9,183,000, HK\$8,088,000 and HK\$7,758,000 respectively).

5 TAXATION

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong Profits Tax:		
Current tax	383	12,958
Deferred tax	15,407	–
	<u>15,790</u>	<u>12,958</u>
Total tax expense	<u>15,790</u>	<u>12,958</u>

Taxation represents Hong Kong Profits Tax which has been provided at a rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the Period.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the condensed consolidated financial statements.

As at 30 September 2017, the Group has unused tax losses of approximately HK\$69,981,000 (31 March 2017: HK\$46,029,000) 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	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Auditor's remuneration		
– Audit	809	703
– Others	320	302
	1,129	1,005
Depreciation	64	47
Investment management fee	22,298	20,663
Operating lease payments in respect of office premises	4,483	2,751
Staff costs (including directors' emoluments)		
Salaries and other benefits	21,447	10,523
Retirement benefits scheme contributions	232	175
Equity-settled share based compensation	2,959	5,602
	<u>24,638</u>	<u>16,300</u>

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	
	2017 (Unaudited)	2016 (Unaudited)
Profit for the Period (<i>HK\$'000</i>)	<u>131,348</u>	<u>21,627</u>
Weighted average number of ordinary shares in issue (<i>in thousand</i>)	<u>1,897,396</u>	<u>1,841,396</u>
Basic earnings per share	<u>6.92 cents</u>	<u>1.17 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 market share price of the company's shares during the Period) 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	
	2017 (Unaudited)	2016 (Unaudited)
Profit for the Period (<i>HK\$'000</i>)	<u>131,348</u>	<u>21,627</u>
Weighted average number of ordinary shares in issue (<i>in thousand</i>)	<u>1,897,396</u>	<u>1,841,396</u>
Adjustment for shares options (<i>in thousand</i>)	<u>16,893</u>	<u>–</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>in thousand</i>)	<u>1,914,289</u>	<u>1,841,396</u>
Diluted earnings per share	<u>6.86 cents</u>	<u>1.17 cents</u>

8 ACCOUNTS AND LOANS RECEIVABLE

		30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
	<i>Note</i>		
Unsecured loan to a potential investee	(a)	70,530	–
Performance premium receivable	(b)	11,718	3,886
Amounts due from associates	(c)	89	84
		82,337	3,970

- (a) During the Period, the Group entered an entrust loan arrangement with its bank to provide funds to a PRC potential investee. RMB60,000,000, equivalent to HK\$70,530,000, was borrowed by a wholly-owned subsidiary of the Group in PRC from the bank and provided to the PRC potential investee. Accordingly, a loan receivable from the potential investee and a loan payable to the bank were recognized in the condensed consolidated statement of financial position.

- (b) The aging analysis of accounts receivable based on the invoice date is as follows:

	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Unbilled	–	3,886
0-30 days	11,718	–
	11,718	3,886

The Group does not hold any collateral or other credit enhancements over the performance premium receivable.

At 30 September 2017 and 31 March 2017, the accounts receivable were neither past due nor impaired.

- (c) 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 2017 of approximately HK\$3,001,369,000 (31 March 2017: HK\$2,914,500,000) by the number of ordinary shares in issue at that date, being 1,897,396,000 (31 March 2017: 1,897,396,000).

10 DIVIDEND

The Board has resolved not to pay any interim dividend in respect of the Period (2016: Nil).

The Board recommended the payment of a final dividend of HK 4 cents per share for the year ended 31 March 2017 to the shareholders whose names are registered on the register of members of the Company at the close of business on 31 August 2017. It was approved at the Annual General Meeting held on 24 August 2017 and total final dividends of HK\$75,895,840 was paid on 7 September 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

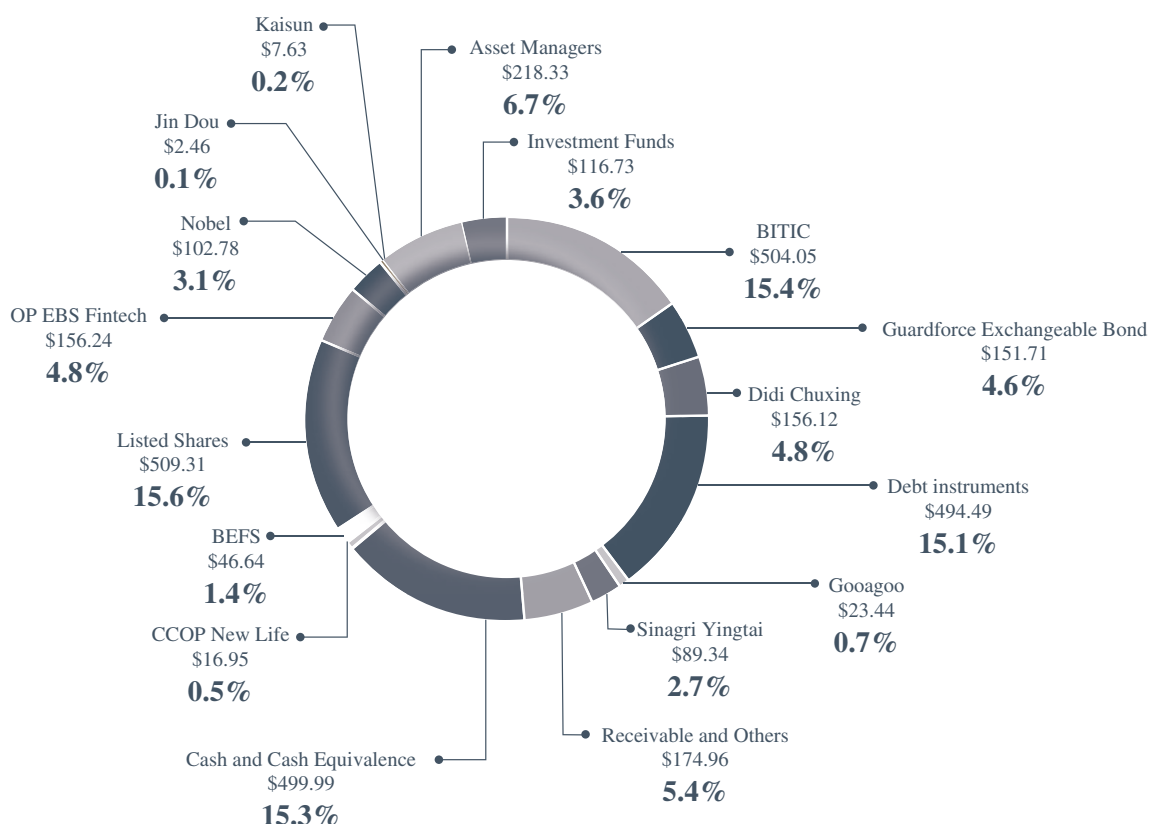
INVESTMENT REVIEW

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 has built an investment portfolio of companies and funds that is diversified across geographies and industries. 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 other debt instruments to generate diversified returns and maintain asset liquidity.

During the Period, the Group has optimized the portfolio by its capital to capture the promising sectors in internet finance, environmental protection and crossover industry. The portfolio has delivered strong growth. The total comprehensive income amounted to HK\$159.52 million, which was primarily due to interest income, performance premium and appreciation of positions in associates and other investments.

Investment holdings by source
(HK\$ millions, as a percentage of total assets)





北京信托

OP Financial acquired 25% equity interest in Treasure Up Ventures Limited (“Treasure Up”) in January 2016, which in turn participates in a minority interest in Beijing International Trust Co, Ltd (“BITIC”).

BITIC is a Chinese large-scale non-banking financial institution, which engages in trusts, investment funds, financial services, brokerage and advisory businesses. As of 31 December 2016, BITIC reported net assets of RMB7.7 billion, trusts’ total asset of RMB258.6 billion, revenue of RMB1.849 billion and net income of RMB993 million. The net profit margin was improved from 52.8% to 53.7% in 2015 and 2016 respectively.

According to China Trustee Association, the aggregated assets under management of China’s 68 trust companies were RMB20.2 trillion at the end of December 2016, an increase of 24.0% as compared to 2015. The investment in BITIC gives OP Financial access to one of the dominant participants in China’s steady growing trust industry.

Didi Chuxing



OP Financial subscribed for US\$15 million (equivalent to approximately HK\$116.45 million) preferred shares issued by Xiaoju Kuaizhi Inc (“Xiaoju Kuaizhi”) in May 2016.

Xiaoju Kuaizhi is the parent company of Didi Chuxing, one of the world’s largest and the dominant Chinese ride-hailing service provider with over 450 million users in more than 400 cities in China since its establishment in 2012. Aside from the acquisition of Uber China, Didi Chuxing has built investment and technology partnerships with Lyft, Grab, Ola, Uber, 99, Taxify and Careem, all of which are leading players around the world in ride-hailing industry. In April 2017, Didi Chuxing completed a new financing round of over US\$5.5 billion to support its global strategy and continued investments in AI-based technologies.

The investment in Didi Chuxing allows OP Financial to benefit from the attractive opportunities in the mobile transportation and sharing economy.

Guardforce Holdings (HK) Ltd



OP Financial has provided funding to Guardforce Holdings (HK) Ltd, one of Asia's most proven and trusted security solutions providers ("Guardforce"). The purpose of funding is to help Guardforce to deploy its security business in the Belt and Road countries. Through cross-border and overseas acquisitions with financial backing from OP Financial, Guardforce has expanded its businesses to Hong Kong, Macao, Thailand, Australia and New Zealand.

OP Financial subscribed for a US\$15 million (equivalent to approximately HK\$116.37 million) exchangeable bond issued by Guardforce. The bond is exchangeable into ordinary shares of Guardforce Holdings Ltd, which indirectly holds shares of Guardforce Cash Solutions (Thailand) Ltd ("Guardforce CIT Thailand"). Guardforce CIT Thailand is an independent cash solutions provider which engages in cash management and ATM management services.

The exchangeable bond investment allows OP Financial to yield a stable annual compound rate of return, while also enjoying a potential upside of appreciation in asset value of Guardforce CIT Thailand.

Sinagri Yingtai AMP Limited



In March 2017, OP Financial invested in Sinagri Yingtai AMP Limited ("Sinagri Yingtai")'s 14.55% registered capital. The interest was diluted to 13.51% during the Period.

Sinagri Yingtai is a Chinese high-tech biotechnology company focusing on research, development, production and distribution of antimicrobial peptides (AMPs). It is the only company setting a standardized production procedure of 99.6% pure AMPs in the Chinese market and owns 14 key patents of biological fermentation technology. AMPs' market size in China is expected to reach RMB19.6 billion to RMB24 billion given that they are the best substitute of antibiotics on animal feeds.

The investment in Sinagri Yingtai is one of medium to short-term investment projects, which allows OP Financial to join forces with a leading enterprise in the industry.

Gooagoo Group Holdings Ltd



GOOAGOO 购阿购

OP Financial invested US\$3 million (equivalent to approximately HK\$23.27 million) for a limited partnership interest in Tsingdata Holdings L.P. (“Tsingdata”), a BVI registered partnership with the sole purpose of participating in series B financing of Gooagoo Group Holdings Ltd (“Gooagoo”) in August 2016.

Gooagoo is a Chinese high-tech service provider for Offline-to-Online data collecting and processing, big data analysis and online marketing platform operation. Its core products are open data bridging technology and color bill system, the application of which helps commercial entities to integrate and analyze consumer data and assists the customer relationship management. The investment in Gooagoo fits well with OP Financial’s portfolio strategy in technology and “Internet +” business sectors.

Nobel Holdings Investments Ltd



In 2008, OP Financial invested alongside China Investment Corporation (“CIC”) in Nobel Holdings Investments Ltd (“Nobel”). OP Financial contributed US\$30 million (equivalent to approximately HK\$232.65 million) to acquire an approximate 10% equity interest in Thrive World Ltd, of which directly holds 50% equity interest in Nobel.

Nobel is one of the largest independent upstream oil producers in Russia, with principal assets including nine subsoil licenses covering seven oil fields and two exploration areas in Komi Republic and Western Siberia. According to the latest reserve report dated 1 March 2017, the proved oil reserve and probable oil reserves of Nobel’s oil fields were approximately 138.81 million barrels and 188.06 million barrels respectively. Amid the spread concerns on the supply-demand balance of crude oil, the benchmark oil prices fluctuated in general during the Period. The fair value of the investment in Nobel fell to HK\$102.78 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 commercialize 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 (equivalent to approximately HK\$11.65 million) has been made to OP Financial up to date. While the position fell from HK\$4.77 million to HK\$2.46 million, the Group’s investment in Jin Dou remains positive after taking into account the performance premiums received since inception.

Henan CCOP New Life Service Limited

OP Financial committed RMB60 million to setup an investment entity with Central China Real Estate Ltd (“Central China”), a leading Chinese real estate company listed on the main board of HKEx (Stock Code: 832.HK) primarily developing branded properties in Henan Province. The investment entity, Henan CCOP New Life Service Limited (河南建業東英新生活服務有限公司, “CCOP New Life”), has already been set up in April 2017, and OP Financial invested RMB15 million (equivalent to HK\$16.95 million) for 30% registered capital.

By leveraging OP Financial’s capital strength and experience, CCOP New Life aims to explore the unmet demands of Central China’s tens of thousands of existing high end customers, and design and provide solutions by developing and financing proper projects. The establishment and investment in CCOP New Life is in line with the consumption upgrade status in China, as well as OP Financial’s focus on crossover investment to make good use of internet or emerging technologies to promote and evolve traditional industries.

Wacai Holdings Limited

In September 2017, OP Financial and China Everbright Securities International Structured Finance Company Limited formed a special purpose investment partnership named OP EBS Fintech Investment L.P. (“OP EBS Fintech”), for subscription of preferred shares of Wacai Holdings Limited (“Wacai”) at a consideration of US\$50.00 million.

Wacai is one of the earliest established Fin-tech companies in China, which initially launched the first personal finance account keeping mobile application in China. It has gradually evolved into an internet finance platform with a wide array of personal financial management tools and services, wealth management services and credit solutions through an extensive portfolio of mobile apps to meet users’ evolving lifelong personal financial service needs.

The investment allows OP Financial to benefit from the attractive opportunities arise in the internet finance industry.

BE Financial Service (Beijing) Investment Holdings Limited

As the promotor to establish BE Financial Service (Beijing) Investment Holdings Limited (北控金服(北京)投資控股有限公司, “BEFS”) in August 2017, OP Financial committed RMB200 million for 20% registered capital in BEFS and has paid up the first capital call of RMB40 million (equivalent to HK\$46.64 million) in August 2017.

BEFS will act as the most important investment & financing and investment management platform of Beijing Enterprises Water Group Limited (Stock code: 371.HK) (“BEWG”). BEFS will work along with its subsidiaries to provide comprehensive services of fund investment, financing and management for BEWG’s PPP projects in relation to environmental protection. The investment allows OP Financial to cooperate with leading industry partners to tap into promising environmental protection industry.

Nine Dragons Paper (Holdings) Limited



OP Financial invested HK\$198.20 million for equity interest in Nine Dragons Paper (Holdings) Limited (“ND Paper”) in June 2017, a listed company on the main board of HKEx (Stock Code: 2689.HK).

ND Paper is the largest containerboard manufacturer in Asia and is primarily engaged in the production and sale of a broad variety of packaging paperboard products, as well as the production and sale of recycled printing and writing paper and specialty paper. ND Paper announced the annual results for the year ended 30 June 2017 in September, it reported the sales of RMB39,154.8 million and profit attributable to equity holders of approximately RMB4,383.7 million, while the gross margin increased from 18.3% in FY2016 to 20.4% in FY2017.

The investment in ND Paper is one of medium to short-term investment projects, which allows OP Financial to benefit from the new balance in supply-demand dynamics of paper production industry.

Telling Telecommunication Holding Co., Ltd.



OP Financial invested RMB177.30 million (equivalent to approximately HK\$206.03 million) for equity interest in Telling Telecommunication Holding Co., Ltd. (“Telling Holdings”) in July 2017.

Telling Holdings, a company listed on the Shenzhen Stock Exchange (Stock Code: 829.SZ), is a China-based company principally engaged in the distribution of mobile phones, which is also involved in lottery, mobile Internet, mobile resale and liquor business. Telling Holdings announced the plan to develop smart betting branch, integrated marketing and sales platform and video lottery system during the Period.

The investment in Telling Holdings is in line with the OP Financial’s focus on crossover investment to make good use of internet or emerging technologies to promote traditional industries.

Debt Instruments

As of 30 September 2017, OP Financial’s holding in debt instruments amounted to HK\$494.49 million, with the entitled interest rate ranging from to 5% to 30% per annum. The issuers of the debt instruments engaged in different industries, such as property, energy and finance industry. The investment in debt instruments provides OP Financial with diversified returns and enhanced liquidity of the investment portfolio.

Asset Managers (Financial services platform)

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



OP Financial established an asset management company in Hong Kong named CSOP Asset Management Limited (“CSOP”) jointly with China Southern Asset Management Co. Ltd in 2008.

Currently OP Financial owns 30% of issued capital of CSOP. The carrying value of the Group’s CSOP position was HK\$157.50 million on 30 September 2017, an increase of 19.14% as compared to the fair value on 31 March 2017, while the share of cumulative profits from 1 April 2017 amounted to HK\$26 million.

As of 30 September 2017, CSOP holds a total of RMB46.10 billion Renminbi Qualified Foreign Institutional Investor (RQFII) quota, making it the largest RQFII manager in the market. After MSCI announced the plan to add mainland Chinese A-shares to its benchmark emerging markets index in June, CSOP has seen more interest from international institutions to invest in China market and has been expected to benefit from the trend by leveraging its innovative products.

OP Financial will hold this position as one of the core investments in its financial services platform.

OPIM Holdings Limited

OP Financial currently owns 30% of the issued share capital in OPIM Holdings Limited and also owns 100% of the issued non-voting preference shares of its subsidiaries (together “OPIM”). As of 30 September 2017, the current position of OP Financial in OPIM was HK\$54.44 million.

OPIM is an asset manager which serves both global and Asia-based managers to develop funds across diversified strategies for institutional and professional investors, and charges management fee and premium from fund managers. It has built an ecosystem linking up fund managers, service providers and capital allocators. The ecosystem enables the fund managers to work with the industry’s best service partners and launch funds in fast and affordable structures, as well as allow the fund managers to focus on performance and build a professional track record. As the leading hedge fund structuring and incubation platform, OPIM launched 6 new funds during the Period and has signed 19 new funds as of 30 September 2017.

In September, OPIM announced a strategic investment into Fundseeder Holdings, LLC (“Fundseeder”), which is an emerging financial software company in US that provides real-time performance feedback for traders and trusted analytics for investors. OPIM intends to launch Hong Kong and China version of Fundseeder to assist institutional investors to connect with emerging trading talents in the 4th quarter of 2017.

The lists of the Group’s investments will be set out in the notes to the condensed consolidated interim financial information.

FINANCIAL REVIEW

Financial position

Net asset value: The Group's net asset value as at 30 September 2017 was HK\$3.00 billion, or HK\$1.58 per share.

Gearing: The gearing ratio, which is calculated on the basis of total liabilities over total equity as at 30 September 2017, was 0.09 (31 March 2017: 0.04). We managed to maintain our 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 interest in Treasure Up, CCOP New Life, BEFS and OP EBS Fintech. Assets increased by 37.96% to HK\$888.60 million as at 30 September 2017 (31 March 2017: HK\$644.12 million) reflecting the appreciation in asset value of our position in CSOP and Treasure Up, and new investments of OP EBS Fintech, BEFS and CCOP New Life.

Available-for-sale financial assets: An increase of 7.67% from HK\$322.04 million to HK\$346.74 million was mainly the result of exchange gain on US dollar and appreciation in asset value of our position in Didi Chuxing offsetting the decrease of value in Kaisun Energy Group Limited ("Kaisun", Stock Code: 8203.HK), Nobel and Jin Dou.

Financial assets at fair value through profit or loss: A significant increase from HK\$275.17 million to HK\$886.59 million was mainly the net result of (i) new investments in Greater China Select Fund and listed shares; (ii) gain on Guardforce exchangeable bond and Sinagri Yingtai; and (iii) net unrealized gain in shares and funds.

Held-to-maturity investments: It represents the investment in debt instruments during the Period.

Bank and cash balances: During the Period, bank and cash balances decreased from HK\$1.79 billion to HK\$499.99 million, mainly attributable to cash utilized in new investments including equity investments, listed shares and funds and other debt instruments during the Period.

RESULTS

The Group's portfolio delivered strong growth during the Period. The total comprehensive income amounted to a gain of HK\$159.52 million compared to HK\$18.66 million in the same period last year. These are primarily due to appreciation of positions in CSOP, performance premiums from Jin Dou, unrealized gain on listed shares, exchangeable bond, unrealized gain on financial liabilities at fair value through profit or loss and interest income generating from the Group's debt instruments, offsetting impairment losses.

Consolidated statement of profit or loss and other comprehensive income

Revenue, which is also the Group's turnover, represents the income received and receivable on investments for the six months ended 30 September was as follows:

	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Dividend income ⁽¹⁾	1,135	698
Performance premium from co-investment partner ⁽²⁾	7,809	7,758
Interest income ⁽³⁾	34,300	21,408
Option premium received ⁽⁴⁾	–	16,798
	43,244	46,662

- (1) Dividends received from listed investments during the Period.
- (2) CIC, co-investment partner in both Jin Dou agriculture partnership and Nobel, awarded OP Financial performance premiums totaling HK\$7.81 million (30 September 2016: HK\$7.76 million) to the Group in return for our resources allocated to the agricultural partnership – Jin Dou.
- (3) Interest income of HK\$34.30 million generates from the Group's debt instruments as well as term deposit in banks.
- (4) Premium from call options in connection with the investment in Guardforce's exchangeable bond.

Net change in unrealized gain/loss on financial assets at fair value through profit or loss: The net change in unrealized gain of HK\$114.02 million (30 September 2016: loss of HK\$56.03 million) mainly represents the net result of (i) the net unrealized gain of HK\$99.77 million on listed shares; (ii) the unrealized gain of HK\$13.95 million on exchangeable bond; (iii) Net unrealized gain of HK\$3.55 million on Sinagri Yingtai; and (iv) the net unrealized loss of HK\$3.25 million on investment funds.

Net change in unrealized gain/(loss) on financial liabilities at fair value through profit or loss: The net change in unrealized gain of HK\$10.85 million mainly represents the net result of (i) the unrealized gain of HK\$11.14 million on financial participation agreement with an investment partner; and (ii) the unrealized loss of HK\$0.29 million on accrued consultancy fee to the shareholder of Treasure Up, to be paid upon the exit of investment in Treasure Up according to the investment agreement.

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: An increase of HK\$14.97 million from HK\$42.99 million in the same period last year to HK\$57.96 million this Period is mainly attributable to the increase in volume of investment activities, which triggered higher investment management fees, office premise rentals and staff related costs.

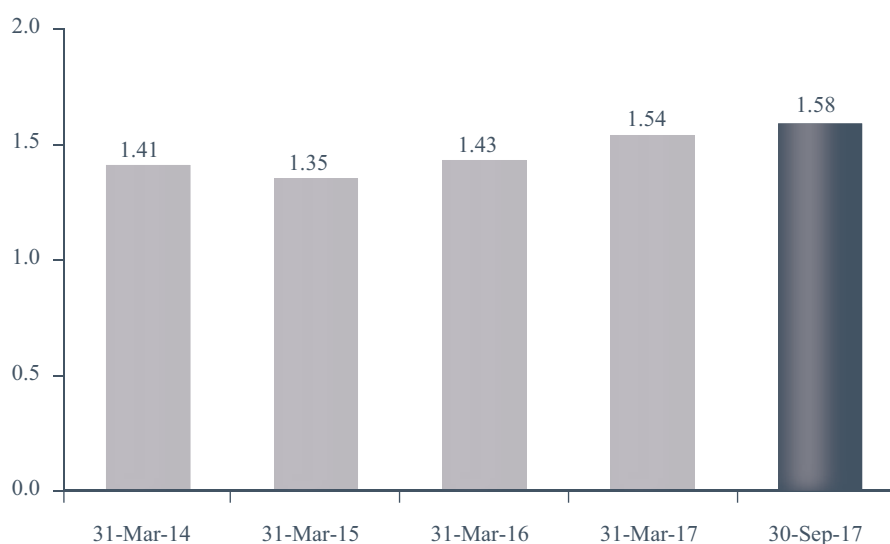
Share of results of associates: a net amount of approximately HK\$42.92 million (2016: HK\$14.70 million) accounted for our share of results of our investments including CSOP, Guotai Junan, OPIM, OP EBS Fintech and Treasure Up. The first 3 companies generate revenue based on management and performance 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 gain of HK\$28.17 million (30 September 2016: loss of HK\$2.97 million) is mainly net of (i) increase in fair value of available-for-sale financial assets by HK\$24.70 million and (ii) a transfer of impairment losses on available-for-sale financial assets of HK\$3.35 million to profit or loss, offsetting the share of other comprehensive income of associates. Combining with the "profit for the Period", the total comprehensive income for the Period was a gain of HK\$159.52 million.

Fair value changes recognized in Other Comprehensive Income:

	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Didi Chuxing	39,560	(97)
OPIM	11,220	3,010
Gooagoo	123	(3)
OP Vision	(676)	(1,334)
Kaisun	(1,288)	(2,378)
Jin Dou	(2,301)	(187)
Nobel	(21,937)	(26,667)
Dance	–	(21,268)
Fair value increase/(decrease)	24,701	(48,924)

NAV Per Share in HK\$



DIVIDEND POLICY AND PROPOSED INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend in respect of the six months ended 30 September 2017 (2016: nil).

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 September 2017, the Group had cash and bank balances of HK\$499.99 million (31 March 2017: HK\$1.79 billion). The Group had loan payable of RMB60 million and pledged US\$9.5 million bank deposit as collateral for such loan payable during the Period under review. The debt-to-equity ratio (interest bearing external borrowings divided by shareholders' equity) stood at 2.3% while the current ratio (current assets divided by current liabilities) was 9 times (31 March 2017: 19 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 2017, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK\$3.00 billion (31 March 2017: HK\$2.91 billion) and 1,897,396,000 (31 March 2017: 1,897,396,000) 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.

- Investment of HK\$654.94 million and partial settlement of HK\$208.00 million in debt instruments
- Investment of HK\$404.23 million in listed shares
- Investment of HK\$156.26 million in OP EBS Fintech
- Investment of HK\$100.00 million in Greater China Select Fund
- Investment of HK\$46.64 million in BEFS
- Investment of HK\$16.95 million in CCOP New Life

SEGMENT INFORMATION

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

EMPLOYEES

During the Period, the Group had 39 (2016: 35) employees, inclusive of all directors of the Group and its subsidiaries. Total staff costs for the Period amounted to HK\$24.64 million (2016: HK\$16.30 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 the condensed consolidated interim financial information.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

At 30 September 2017, the Group had exposure to foreign exchange fluctuation from its net investment in Sinagri Yingtai, CCOP New Life, Telling Holdings and bank balances (2016: bank balances). These assets were denominated in RMB and the maximum exposure to foreign currency risk was RMB203,039,000, equivalent to HK\$237,993,000 (31 March 2017: RMB20,055,000, equivalent to HK\$22,637,000).

At 30 September 2017, 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 2017, the Group pledged US\$9.5 million (equivalent to HK\$74.211 million) bank deposit as collateral to its bank to secure a RMB60 million entrust loan arrangement released by the bank to a PRC potential investee of the Group.

The Company had given guarantees in respect of the settlement of other borrowings provided by 新興創業投資管理有限公司 to a third party, 上海幸福九號網絡科技有限公司. At 30 September 2017, the Group had given guarantees in respect of such other borrowings of HK\$24,289,000 (2016: Nil).

In the opinion of the directors of the Company, the fair values of the financial guarantee contract of the Group are insignificant at initial recognition and the directors of the Company consider that the possibility of default of the parties involved is remote, accordingly, no value has been recognised at the inception of the guarantee contracts and at the end of the reporting period.

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

As at 30 September 2017, 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.

EVENTS AFTER THE REPORTING PERIOD

On 16 November 2017, the Company entered into four subscription agreements with four subscribers, pursuant to which the four subscribers have conditionally agreed to subscribe for 740,000,000 new shares of the Company at a subscription price of HK\$2.1 per share.

Details of the transaction is disclosed in the Company's announcement dated on 16 November 2017. As at the date of this announcement, the transaction has not yet been completed.

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 Zhi Ping, Mr. Zhang Gaobo, Dr. Liu Zhiwei, Mr. Zhang Weidong and Mr. Wang Xiaojun attended both of the extraordinary general meeting which was held on 26 May 2017 ("EGM") and the annual general meeting which was held on 24 August 2017 ("AGM"). However, due to other business commitment on urgent basis, Prof. He Jia, an independent non-executive director ("INED"), only attended the EGM whereas Dr. Wu Zhong, a non-executive Director and Mr. Kwong Che Keung Gordon, an INED, did not attend both of the general meetings.

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 INTERIM FINANCIAL INFORMATION

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, 27 November 2017

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