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OP FINANCIAL LIMITED

東英金融有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1140)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The Board of Directors (the “Board” or the “Directors”) of OP Financial 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 2020 (the “Period”) with comparative figures for the corresponding period in 2019 and selected explanatory notes as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		Six months ended 30 September	
		2020	2019
		(Unaudited)	(Unaudited)
	<i>Note</i>	HK\$'000	HK\$'000
Turnover	3	434,964	174,182
Revenue	3	48,271	106,134
Net change in unrealized gain on financial assets at fair value through profit or loss			
– arising from listed investments		141,064	(43,192)
– arising from unlisted investments		317,154	407,888
		458,218	364,696
Net realized loss on disposal/distribution of investments			
– arising from listed investments		(41,314)	(7,198)
– arising from unlisted investments		(77,305)	4,660
		(118,619)	(2,538)

* For identification purposes only

		Six months ended	
		30 September	
		2020	2019
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
<i>Note</i>			
	Net change in unrealized gain on financial liabilities at fair value through profit or loss	4,142	46,701
	Realized loss on financial liabilities at fair value through profit or loss	(20,930)	(321)
	Realized gain on disposal of a subsidiary	–	2
	Realized gain on deemed disposal of an associate	–	1,859
	Exchange differences	11,145	(6,784)
	Reversal of/(provision for) expected credit losses	52,932	(61,503)
	Equity-settled share-based payments	(1,508)	(3,069)
	Operating and administrative expenses	(43,459)	(67,294)
	Profit from operations	390,192	377,883
	Finance costs	(9,673)	(7,017)
	Share of results of investment accounted for using equity method	82,254	(145,568)
	Profit before tax	462,773	225,298
	Taxation	(37,360)	40,766
	Profit for the Period	425,413	266,064
	Other comprehensive income		
	<i>Items that may be reclassified to profit or loss</i>		
	Share of other comprehensive income of investments accounted for using equity method:		
	Exchange differences	1,341	(152)
	Other comprehensive income for the Period	1,341	(152)
	Total comprehensive income for the Period	426,754	265,912
	Earnings per share		
	Basic	14.66 cents	9.17 cents
	Diluted	14.66 cents	9.14 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

		30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
	Note		
Non-current assets			
Fixed assets		13,442	16,862
Right-of-use assets		61,471	78,160
Investments accounted for using equity method		671,634	637,912
Financial assets at fair value through profit or loss		1,461,982	1,420,661
Debt investments		105,386	246,673
		<u>2,313,915</u>	<u>2,400,268</u>
Current assets			
Financial assets at fair value through profit or loss		1,323,620	824,634
Debt investments		519,275	961,626
Asset classified as held for sale		65,377	–
Accounts and loans receivable	8	27,579	62,775
Prepaid consideration		660,976	378,751
Interest receivables		14,798	9,737
Prepayments and other receivables		19,355	19,909
Bank and cash balances		41,348	117,388
		<u>2,672,328</u>	<u>2,374,820</u>
TOTAL ASSETS		<u>4,986,243</u>	<u>4,775,088</u>
Capital and reserves			
Share capital		290,094	290,094
Reserves		4,276,211	3,824,351
TOTAL EQUITY		<u>4,566,305</u>	<u>4,114,445</u>

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
<i>Note</i>		
Current liabilities		
Other payables	17,486	26,147
Lease liabilities	29,712	30,069
Loan payable	278,870	506,848
Financial liabilities at fair value through profit or loss	6,466	32,422
Tax payable	14,678	14,678
	347,212	610,164
Non-current liabilities		
Deferred tax liabilities	37,360	–
Lease liabilities	34,436	49,548
Financial liabilities at fair value through profit or loss	930	931
	72,726	50,479
TOTAL LIABILITIES	419,938	660,643
TOTAL EQUITY AND LIABILITIES	4,986,243	4,775,088
NET ASSETS	4,566,305	4,114,445
Net asset value per share	9 HK\$1.57	HK\$1.42

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2020

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 2020 (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 2020, 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 2020, 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 2020 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.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and HKASs issued by the HKICPA which are mandatorily effective for the annual period beginning on 1 April 2020 for the preparation of the Group’s condensed consolidated interim financial information:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial information.

The application of the amendments in the current period had no impact on the condensed consolidated financial information. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 March 2021.

3 TURNOVER AND REVENUE

Turnover represents the aggregate of dividend income, interest income and gross sales proceeds from disposal of equity investments.

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividend income	551	3,078
Interest income	47,720	103,056
Revenue	48,271	106,134
Gross sales proceeds from disposal of equity investments	386,693	68,048
Turnover	434,964	174,182

4 SEGMENT INFORMATION

The chief operating decision maker has been identified as the executive directors, subject to requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Hong Kong	14,436	61,762
Mainland China	553	4,358
United States of America	33,282	40,014
	48,271	106,134

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

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Non-current assets other than financial instruments		
Hong Kong	189,677	197,136
Mainland China	<u>556,870</u>	<u>535,798</u>

Information about major investments

During the Period, interest income received from four of the Group's debt investments, which individually accounted for 10% (2019: 10%) or more of the Group's revenue amounted to approximately HK\$11,947,000, HK\$10,600,000, HK\$9,180,000 and HK\$6,578,000 respectively (2019: interest income received from four of the Group's debt investments amounted to approximately HK\$22,047,000, HK\$14,846,000, HK\$12,519,000 and HK\$11,395,000 respectively).

5 TAXATION

	Six months ended 30 September 2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Hong Kong Profits Tax:		
Current tax	–	85
Deferred tax	–	(40,851)
China Corporate Income Tax:		
Deferred tax	<u>37,360</u>	<u>–</u>
Total tax expense	<u>37,360</u>	<u>(40,766)</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Taxation on overseas profit has been calculated on the estimated assessable profit for the Period/year at the rates of taxation prevailing in that overseas country.

Deferred tax is recognized, 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 information.

As at 30 September 2020 and 31 March 2020, deferred tax asset has not been recognized until it becomes probable that future profits will allow the deferred tax assets to be recovered.

6 PROFIT FOR THE PERIOD

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

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Auditor's remuneration	1,440	1,477
Depreciation of fixed assets	3,420	2,458
Depreciation of right-of-use assets	14,959	20,214
Investment management fee	6,900	6,900
Staff costs (including directors' emoluments)		
Salaries and other benefits	11,698	26,777
Retirement benefits scheme contributions	273	335
Equity-settled share based compensation	1,508	3,069
	13,479	30,181

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	
	2020	2019
	(Unaudited)	(Unaudited)
Profit for the Period (HK\$'000)	425,413	266,064
Weighted average number of ordinary shares in issue (in thousand)	2,900,940	2,900,940
Basic earnings per share (HK\$)	14.66 cents	9.17 cents

(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	
	2020	2019
	(Unaudited)	(Unaudited)
Profit for the Period (HK\$'000)	425,413	266,064
Weighted average number of ordinary shares in issue (in thousand)	2,900,940	2,900,940
Adjustment for share options (in thousand)	–	9,793
Weighted average number of ordinary shares for diluted earnings per share (in thousand)	2,900,940	2,910,733
Diluted earnings per share (HK\$)	14.66 cents	9.14 cents

Diluted earnings per share for the period ended 30 September 2020 was the same as the basic earnings per share as the Company's outstanding share options had anti-dilutive effect.

8 ACCOUNTS AND LOANS RECEIVABLE

		30 September	31 March
		2020	2020
		(Unaudited)	(Audited)
	<i>Note</i>	HK\$'000	HK\$'000
Unsecured loan to a third party	(a)	–	–
Accounts receivable	(b)	1,065	1,401
Amounts due from associates, joint ventures and related companies	(c)	26,514	26,510
Dividend receivable	(d)	–	34,864
		27,579	62,775
Analyzed as:			
Current assets		27,579	62,775
(a)		30 September	31 March
		2020	2020
		(Unaudited)	(Audited)
		HK\$'000	HK\$'000
Unsecured loan		68,205	65,430
Impairment loss		(68,205)	(65,430)
		–	–

Unsecured loan of RMB60,000,000, approximately HK\$68,205,000 (31 March 2020: HK\$65,430,000), is provided to a third party established in the PRC. Impairment loss of RMB60,000,000 (31 March 2020: RMB60,000,000), approximately HK\$68,205,000 (31 March 2020: HK\$65,430,000) is recognized against unsecured loan at 30 September 2020 based on estimated recoverable amount determined by reference to an analysis of the counterparty's current operation.

The Group does not hold any collateral or other credit enhancement over the balance.

- (b) The Group does not hold any collateral or other credit enhancements over the accounts receivable from co-investment partners. The aging analysis of accounts receivable based on the invoice date is as follows:

	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Unbilled	<u>1,065</u>	<u>1,401</u>

As at 30 September 2020 and 31 March 2020, the accounts receivable were neither past due nor impaired.

- (c) Amounts due from associates, joint ventures and related companies arise mainly from advance money provided for potential investment project(s) and administrative expenses paid by the Group on behalf of its associates, joint ventures and related companies. The amounts are unsecured, interest-free and repayable on demand.
- (d) Dividend receivable represents dividend declared by CSOP as at 31 March 2020.

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 2020 of approximately HK\$4,566,305,000 (31 March 2020: HK\$4,114,445,000) by the number of ordinary shares in issue less treasury shares at that date, being 2,900,940,000 (31 March 2020: 2,900,940,000).

10 DIVIDEND

The Board has resolved not to pay any interim dividend in respect of the Period (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

INVESTMENT REVIEW

Investment Activities

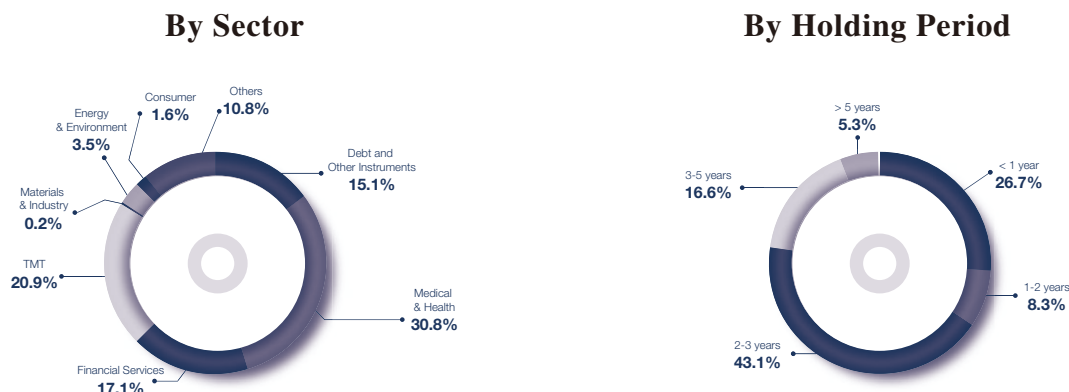
During the Period (the six months ended 30 September 2020, same as below), we continued to carry out our investment strategy and endeavored to identify market leaders or potential leaders of China's fast-growing industries as our long-term core holding portfolio. Given the high uncertainty and volatility of the global macro economy and capital markets during the Period largely driven by the unprecedented COVID-19 pandemic, we exercised extra prudence on new equity investments and strove for the maximum value of our capital and the financing capability as a public company.

Our investment and divestment decisions are made based on comprehensive considerations and assessments of return, risk and opportunity cost. We invested HK\$773.24 million during the Period, mainly through private equity and listed securities, and our divestment amounted to HK\$946.54 million, mainly derived from some short-term debt instruments, listed securities and private equity investments.

Portfolio Breakdown

Our investment strategy is comprised of three pillars based on different holding period, namely long-term core holding, mid-term private equity and venture capital, and short-term arbitrage and others. As our primary focus, the core holding strategy fully leverages the long-term investment horizon enabled by our own capital as a public company. We identify and invest in companies with high growth potential as core holding portfolio supporting their long-term development with patient capital. The mid-term private equity and venture capital strategy targets not only various opportunities in emerging industries but also fostering and enhancing ecosystem for our core holding companies. The strategy of short-term arbitrage and others mainly focuses on opportunities that emerge from short-term financing needs and other opportunistic deals.

As of 30 September 2020, the top three sectors of our existing portfolio were medical & health, TMT and financial services. Our leading position in the medical & health sector in terms of valuation was the investment in iCarbonX Group Limited, while in the TMT sector, Jiedaibao Limited and Didi Chuxing were the largest two holdings. Our major investment in the financial services sector included Beijing International Trust Co., Ltd., CSOP Asset Management Ltd. and OPIM Holdings Limited, etc.



MAJOR INVESTMENT PORTFOLIO

Long-Term Core Holding

As of 30 September 2020, three companies were categorized as our long-term core holding portfolio, which were iCarbonX Group Limited (“iCarbonX”), CSOP Asset Management Limited (“CSOP”) and OPIM Holdings Limited (“OPIM”), respectively. iCarbonX primarily focuses on digital health management, CSOP is the largest RQFII manager globally, and OPIM is Asia’s leading hedge fund platform. OP Financial’s holdings in the core holding companies amounted to HK\$1,309.38 million as at 30 September 2020. Given the growth potential of the core holding companies, OP Financial will continue to hold them and support their development in the long run while pursuing long-term investment return correspondingly.

iCarbonX Group Limited

Date of initial investment: 2018
Type of deal: Core Holding
Equity ownership: 7.7%
Carrying value: HK\$1,145.54 million
Location: China
Industry: Medical & Health

In 2018, OP Financial invested in iCarbonX as one of its core holding companies and established a joint venture with iCarbonX named iCarbonX OP Investment Limited to capture potential investment opportunities within the healthcare industry. As at 30 September 2020, the Company owned 7.7% of equity interests in iCarbonX and the carrying value of the position stood at HK\$1,145.54 million.

iCarbonX is a global pioneer in artificial intelligence (“AI”) and precision health management and aims to build an ecosystem of digital life based on a combination of individuals’ life data, the Internet and artificial intelligence. Its main founding team comprises the world’s top biologists with extensive experience in multi-omics technology, medical service, biological data analysis, AI and data mining.

iCarbonX established the Digital Life Alliance (the “Alliance”) with a number of cutting-edge health-tech companies in 2016 and has been actively carrying out cross-border collaborations in order to maximize synergy and promote mutual growth within the Alliance. iCarbonX has been deeply concerned with the outbreak of COVID-19 since January 2020 and has leveraged its proprietary world-leading random peptide array based immunization indication technology to build a platform during the 2020 Chinese New Year for COVID-19 immune response testing and vaccine development validation. The platform can be used for immune characteristic screening of asymptomatic general population so as to differentiate susceptible and non-susceptible population for corresponding health management and evaluation of vaccination effectiveness in the future. In addition, iCarbonX has been developing coronavirus In Vitro Diagnostics (IVD) kits and vaccine, of which the IVD kit has been submitted to U.S. Food & Drug Administration (FDA) for approval.

OP Financial believes iCarbonX’s expertise in life science and artificial intelligence equips the company with unparalleled competitive advantages, particularly in an era of post-COVID-19, when AI-enabled healthcare research & development (R&D) is given significant prominence and people’s awareness of health management improves. Going forward, the Company will continue to take an active role in bridging opportunities between iCarbonX and industry leaders to foster its development within the healthcare industry and attain capital appreciation. The investment in iCarbonX is believed to benefit OP Financial over the long run, therefore iCarbonX is held as a core holding company within OP Financial’s investment portfolio.

CSOP Asset Management Limited

Date of initial investment: 2008
Type of deal: Core Holding
Equity ownership: 22.5%
Carrying value: HK\$107.28 million
Location: Hong Kong
Industry: Financial Services

CSOP was jointly established by OP Financial and China Southern Asset Management Co., Ltd. in 2008. As at 30 September 2020, OP Financial owned 22.5% of the issued capital of CSOP, of which the carrying value stood at HK\$107.28 million, increasing 12.9%, or by HK\$12.26 million as compared to HK\$95.02 million as at 31 March 2020 due to the share of profits contributed by CSOP, which was primarily driven by its robust business performance during the Period.

CSOP is a well-known asset management company based in Hong Kong, which manages private and public funds, and provides investment advisory services to Asian and global investors with a dedicated focus on China investing. As a leading cross-border asset management expert in respect of Asset Under Management (AUM), CSOP once held the world's largest RMB Qualified Foreign Institutional Investor (RQFII) quota of RMB46.10 billion. During the two years between 1 January 2018 and 31 December 2019, half of the top 10 actively traded ETFs/ETPs in Hong Kong were managed by CSOP.

In the fast-changing market, CSOP never stops innovation to capture opportunities, in particular this year during which global financial markets have been heavily impacted by COVID-19. During the six months ended 30 September 2020, CSOP launched several new products including leverage/reverse ETFs, world's first Hang Seng TECH Index ETF as well as Chinese Government Bond Index ETF etc. Thanks to its excellent product design and strong performance, CSOP has won a number of awards during the Period including but not limited to the Best Passive Manager on 7 May 2020 by AsianInvestor, a leading publication dedicated to the region's investment industry, with a particular focus on asset owners.

China has been accelerating the reforms and opening-up of its financial market in recent years and it is one of the most attractive investment destinations for international investors. CSOP will continue to bridge investment opportunities in China for overseas investors with its innovative fund products and expertise, achieving decent returns for investors and at the same time enhancing its leading position in the RQFII product management sector. OP Financial believes that CSOP will continue to bring solid returns and therefore will hold it as a long-term core holding company.

OPIM Holdings Limited

Date of initial investment: 2008
Type of deal: Core Holding
Equity ownership: 30%
Carrying value: HK\$56.56 million
Location: Hong Kong
Industry: Financial Services

As at 30 September 2020, OP Financial owned 30% of the issued ordinary shares and 100% of the non-voting preference shares of OPIM Holdings Limited following a reorganization completed in December 2019 to streamline its organizational structure where the Company's position remained unchanged. As at 30 September 2020, the Company's position in OPIM stood at HK\$56.56 million as compared to HK\$43.12 million as at 31 March 2020. The increase was primarily attributable to the strong growth momentum of OPIM's financial performance driven by the increasing scale of its fund products.

OPIM is a leading hedge fund platform in Asia serving both global and Asia-based managers to develop funds across diversified strategies for institutional and professional investors. It has built a whole ecosystem linking up fund managers, service providers and capital allocators, which enables the managers to launch offshore funds with efficient and affordable structures. With the ecosystem, managers are able to focus on fund performance and build a proven track record for future expansion. During the Period, OPIM successfully built strategic partnerships in Singapore and Europe to continue to increase its customer base and expanded the scope of its service offerings to PE funds etc.

With the increasing scale of China's private equity funds in the overseas market, OPIM is expected to maintain the momentum of steady growth in terms of both the number of funds and the overall asset scale. At the same time, China has been accelerating the opening-up of its financial markets, which improves foreign managers' access to the Chinese market and as a result, OPIM is expected to benefit from it. OP Financial believes that OPIM has great potential to continue to grow its business, and therefore will hold it as a long-term core holding company.

Mid-Term Private Equity and Venture Capital

As of 30 September 2020, OP Financial's holdings in the mid-term private equity and venture capital category amounted to HK\$2,171.68 million. The Company added a new investment of HK\$700.00 million and exited from a few private equity investments as well as received fund distributions amounting to HK\$127.10 million in total in this category during the Period. Based on prudent and extensive analysis of market condition and investment projects' prospect, OP Financial makes decisions either to maintain the holding for future divestment to benefit from growth of business, or to exit and harvest returns for potential new investments. Apart from certain listed equity investments, the major investments are listed as below:

Jiedaibao Limited (“Jiedaibao”)

Date of initial investment: 2020
Type of deal: Private Equity
Equity Ownership: 1.97%
Carrying value: HK\$700.00 million
Location: China
Industry: TMT

In 2020, OP Financial entered into a share purchase agreement (the “Purchase Agreement”) with an existing shareholder (the “Seller”) of Jiedaibao Limited (“Jiedaibao”) to purchase 1.97% of the shares issued by Jiedaibao at a consideration of HK\$700 million. Upon completion of the Purchase Agreement, all interests and obligations undertaken by the Seller in accordance with articles of association of Jiedaibao are transferred to the Company.

Founded in 2014, Jiedaibao is an Internet Fintech company providing services of contract signing, registration and post-loan management for borrowing and lending money between individual users and supply chain finance of corporate users, aiming to solve the financing difficulty problem for individuals as well as micro-, small and medium-sized enterprises (“SME”). The mobile App 借貸寶 (“借貸寶”), which is operated by Jiedaibao, mainly provides registration tools for online I Owe You (“IOU”) issuance and supplementing and relevant value-added services. Adopting AI visual technology, a sound cloud storage system and online payment system, Jiedaibao empowers online borrowing and lending transactions and micro-, SME’s supply chain finance with sources of revenue mainly coming from transaction fee, collection service fee, advertising fee, payment fee and software development fee. By right of the universality of its function and the business model, 借貸寶 has gained significant market share in Mainland China since its launch 5 years ago with accumulative registered individual and corporate users of 130 million and 30,000 respectively and transaction amount of over RMB200 billion.

With licenses of online payment, commercial banking and internet microloans, Jiedaibao is building a complete Fintech ecosystem. OP Financial expects the continuously growing business of Jiedaibao would generate considerable mid-term return for the Company.

**Treasure Up Ventures Limited
(Beijing International Trust Co.,
Ltd., “BITIC”)**

Date of initial investment: 2016
Type of deal: Private Equity
Equity Ownership: 25%
Carrying value: HK\$412.59 million
Location: China
Industry: Financial Services

OP Financial acquired 25% equity interest in Treasure Up Ventures Limited (“Treasure Up”), which in turn participates in a minority economic interest in BITIC. As at 30 September 2020, the Company’s position in BITIC stood at HK\$412.59 million as compared to HK\$342.74 million as at 31 March 2020. The increase was primarily attributable to the recovery of global financial markets since March 2020, which resulted in higher trading multiples of BITIC’s comparable companies, and the strong fundamentals of BITIC were also an indispensable supporting factor of the increase. For 2019, BITIC recorded a total revenue and net income of RMB1,897.82 million and RMB927.57 million, increasing 12.0% and 11.4% year-over-year, respectively.

BITIC is a China-based large-scale non-banking financial institution, which primarily engages in trusts, investment funds, financial services, brokerage and advisory business.

The trust industry has been playing an irreplaceable role in China’s economic development and financial resource allocation. In recent years, the rapid development of wealth management business driven by the accumulation of private wealth has brought the industry with historic opportunities. Quickly adapting to the changes in the market and national policy environment, BITIC formulated its twin-engine strategy in 2019, which is asset management and wealth management respectively, and has adjusted its service offerings focusing on quality rather than quantity since 2018. OP Financial believes that BITIC will benefit from the continuous opening-up and improvement of China’s financial system and the upgrading of the trust industry, as a result of which BITIC is expected to deliver a decent return on investment for the Company.

華建實業投資有限公司
(「華建實業」)

Date of initial investment: 2020
Type of deal: Private Equity
Equity ownership: 12.5%
Carrying value: HK\$376.78 million
Location: China
Industry: Others

OP Financial entered into agreements to acquire 100% of the equity of Wall King Industry Investment Limited, which in turn to purchase 12.5% of equity interest issued by 華建實業 with a total consideration of HK\$370.00 million. As at 30 September 2020, the Company's position in 華建實業 stood at HK\$376.78 million.

With the double-engine strategy of industrial operations complemented by equity investment, 華建實業 currently controls or holds minority interest in more than 15 projects, mainly in the promising sectors, including but not limited to high-end equipment manufacturing, culture and arts, internet and semiconductor.

China's economic development has entered into a new stage where technology is a key driver and domestic consumption is playing an increasingly important role. As a result, there are plenty of opportunities in the emerging industries into which the Chinese government has been guiding the factors of production to flow through supply-side structural reform. 華建實業 primarily focuses on the emerging industries and holds a number of prime investment projects with great growth prospects, and therefore, is expected to bring medium-term investment returns to the Company.

Victorian Investment Limited Partnership

Date of initial investment: 2018
Type of deal: Private Equity
Equity ownership: 46.15%
Carrying value: HK\$129.87 million
Location: China
Industry: Medical & Healthcare

In 2018, OP Financial made the investment in Victorian Investment Limited Partnership to participate in the investment regarding the healthcare business of a large-scale Chinese company. As of 30 September 2020, the Company's position stood at HK\$129.87 million.

Echoing its investment industry focus, the Company made the investment in Victorian Investment Limited Partnership aiming to benefit from the potential upside of the Chinese healthcare sector. The investment originally had a term of 3 years, however, due to the liquidity problem of the parent company of the underlying investment and the downturn of China market, the parent company is undergoing a debt restructuring program, of which the progress was impeded by the outbreak of COVID-19 in China earlier this year when there was a nationwide lockdown. As at 30 September 2020, the restructuring program was still underway with involved parties' best efforts to finalize a plan as early as possible. The Company will closely monitor the progress and strive for recovering the provision for the impairment loss upon the completion of the debt restructuring program.

Xiaoju Kuaizhi Inc. (Didi Chuxing)

Date of initial investment: 2016

Type of deal: Private Equity

Equity ownership: <1%

Carrying value: HK\$112.52 million

Location: China

Industry: TMT

Xiaoju Kuaizhi Inc. (“Xiaoju Kuaizhi”) is the Cayman Island SPV of Didi Chuxing. OP Financial subscribed less than 1% preferred shares issued by Xiaoju Kuaizhi. As at 30 September 2020, the Company’s position in Didi Chuxing stood at HK\$112.52 million as compared to HK\$83.92 million as at 31 March 2020. The increase was primarily attributable to the recovery of Didi Chuxing’s business during the Period with the outbreak of COVID-19 in China being under control.

Didi Chuxing is the world’s leading one-stop mobile transportation platform offering a full range of app-based mobility options for over 550 million registered users across Asia, Latin America and Australia. In China, Didi Chuxing is the absolute market leader in the mobile transportation sector with the number of monthly active users for May 2019 amounting to 75.17 million, roughly 23 times of that of the second market player, according to a research report published by Analysys. With the resumption of economic activities in China post the outbreak of COVID-19, Didi Chuxing has recovered its ride-hailing business and in the meantime, it is also penetrating into the intra-city freight delivery sector leveraging and further monetizing its large-scale user base.

With the development of urbanization and the evolution of consumption habits, mobile transportation is playing an increasingly important role in urban society. In the past few years, Didi Chuxing has been actively exploring the application of AI, big data and other technologies in the transportation sector to continuously optimize its service offerings and has been making significant progress in expanding its global footprints. OP Financial believes that Didi Chuxing’s tremendous user base and its penetration in the smart transportation sector will equip it with unparalleled competitive advantages going forward.

Short-term Arbitrage and Others

As at 30 September 2020, OP Financial's holdings in listed securities that fell into this category amounted to HK\$41.56 million, while the holdings in debt and other instruments amounted to approximately HK\$624.66 million. During the Period, OP Financial made new investment in and divestment from some listed securities and divested from some debt instruments to enhance the capital liquidity and generated returns from interests, dividends and capital gains. At the same time, our portfolio of debt instruments recorded provision for expected credit losses under HKFRS 9, while some listed securities recorded market price change for the Period.

The Company invests in debt instruments with the consideration of return, risk and liquidity. For the Period, the interest rate we charged for the debt instruments, of which the borrowers were mainly investment companies, ranged from 6% to 11.5% as compared to 6% to 20% for the same period last year. The total interest income generated from debt instruments was HK\$47.56 million with loan tenures ranging from 18 months to 3 years, while the corresponding amount and range for the same period last year were HK\$102.26 million and 3 months to 3 years, respectively.

OP Financial maintains regular communication with debt issuers and loan borrowers. As at the end of the Period, management have assessed the repayment ability of the issuers/borrowers for the determination of expected loss provisions.

FINANCIAL POSITION

Financial position

Net asset value: As at 30 September 2020, the Group's net asset value was HK\$4,566.31 million, or HK\$1.57 per share, as compared to HK\$4,114.44 million and HK\$1.42 per share respectively as at 31 March 2020.

Gearing: The gearing ratio, which was calculated on the basis of total liabilities over total equity as at 30 September 2020, was 0.09 (31 March 2020: 0.16).

Investments accounted for using equity method: It represents our interest in companies held under the strategy of long-term core holding, which is CSOP, as well as mid-term private equity and venture capital, which mainly include Treasure Up (BITIC). Assets value stood at HK\$671.63 million as at 30 September 2020 (31 March 2020: HK\$637.91 million), representing a sequential increase of 5.3%, primarily due to the increased share of results from CSOP as a result of its robust performance and the increase in the carrying value of the Company's investment in Treasure Up driven by the recovery of global financial markets since March 2020 and the strong fundamentals of BITIC. The increase was partially offset by a reclassification of BE Financial Service (Beijing) Investment Holdings Limited.

Financial assets at fair value through profit or loss: It stood at HK\$2,785.60 million as at 30 September 2020, representing an increase of 24.1% as compared to HK\$2,245.29 million as at 31 March 2020, mainly attributable to (i) an addition of HK\$700 million of new investment into Jiedaibao during the Period; (ii) an increase of HK\$28.60 million in the carrying value of Xiaoju Kuaizhi (Didi Chuxing); (iii) an increase of HK\$13.44 million in the carrying value of the investment in OPIM, which was partially offset by (iv) a decrease of HK\$51.69 million in the carrying value of Central China New Life Limited (“CCNL”) due to the divestment from the project; and (v) a decrease of HK\$48.14 million in Sino Stature’s carrying value due to partial distribution from the investment.

Debt investments: It represents the investments in debt instruments as at 30 September 2020, which amounted to HK\$624.66 million. The decrease of 48.3% as compared to HK\$1,208.30 million as at 31 March 2020 was primarily because the Company exited from two debt investments and received some partial repayments during the Period.

Bank and cash balances: As of 30 September 2020, the Company’s bank and cash balance stood at HK\$41.35 million (31 March 2020: HK\$117.39 million). We manage our bank and cash balances principally on the basis of making good use of capital to achieve returns for shareholders and ensuring sufficient liquidity for our working capital requirements.

RESULTS

Despite the challenging economic environment and volatile financial markets brought by the COVID-19 pandemic and the US-China trade war during the Period, the Company has achieved significant improvement by right of its prudent investment activities, rigid risk control measures and focused portfolio management. Turnover for the Period reached HK\$434.96 million, increasing 149.7% as compared to the same period last year as a result of the Company’s tremendous efforts to enhance liquidity and profitability. The Company recorded a total revenue of HK\$48.27 million for the Period, representing a year-over-year decrease of 54.5% as compared to HK\$106.13 million for the same period last year primarily attributable to the decrease in interest income and dividend income as we divested some debt instruments and listed securities. The total comprehensive income for the Period recorded a gain of HK\$426.75 million, increasing 60.5% as compared to HK\$265.91 million for the same period last year. The increase was primarily driven by the HK\$458.22 million of net change in unrealised gain on financial assets at fair value through profit or loss, HK\$52.93 million of reversal of expected credit loss (ECL) and HK\$82.25 million of share of results of investment accounted for using equity method, partially offset by the HK\$118.62 million of net realised loss on disposal/distribution of investments and HK\$20.93 million of realised loss on financial liabilities at fair value through profit or loss.

Consolidated statement of profit or loss and other comprehensive Income

Revenue represents the income received and receivable on investments during the Period as follows:

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Dividend income ⁽¹⁾	551	3,078
Interest income ⁽²⁾	47,720	103,056
	<u>48,271</u>	<u>106,134</u>

(1) Dividends received from listed securities during the Period.

(2) Interest income of HK\$47.72 million were primarily generated from the Group's debt instruments as well as term deposit in banks.

Net change in unrealized gain on financial assets at fair value through profit or loss: The net change in unrealized gain of HK\$458.22 million (1H FY2019/20: HK\$364.70 million) mainly represents the net result of (i) the unrealized gain of HK\$259.56 million on the prepaid consideration for acquiring 19.9% of the total capital, or 63,202,590 shares, of Dagang Holding Group CO., LTD. (stock code: 300103.SZ, "Dagang Holding"); (ii) the unrealised gain of HK\$28.60 million on Xiaoju Kuaizhi (Didi Chuxing); (iii) the unrealised gain of HK\$18.76 million on BE Financial Service (Beijing) Investment Holdings Limited ("BEFS"); (iv) the unrealised gain of HK\$15.67 million on Thrive World Limited; (v) the unrealised gain of HK\$13.44 million on OPIM; (vi) the net unrealised gain of HK\$141.06 million on listed securities; (vii) the net unrealised gain of HK\$11.83 million on investment funds; partially offset by (viii) the transfer-out of unrealised gain of HK\$40.69 million on CCNL upon disposal.

Net change in unrealized gain on financial liabilities at fair value through profit or loss: The net change in unrealized gain of HK\$4.14 million (1H FY2019/20: HK\$46.70 million) mainly represents the share of unrealized loss on co-investments by our co-investment partners.

Net realized loss on disposal/distribution of investments: The net realized loss of HK\$118.62 million (1H FY2019/20: HK\$2.54 million) for the Period was mainly the result of (i) the realised gain of HK\$55.58 million on disposal of CCNL, offset by (ii) a net realised loss of HK\$96.90 million on disposal of a few listed securities; (iii) the realized loss of HK\$71.52 million on settlement of a debt investment; and (iv) the realised loss of HK\$5.83 million on disposal of an investment fund.

Reversal of/(provision for) expected credit losses (“ECL”): The reversal of provision for ECL of HK\$52.93 million (1H FY2019/20: provision for ECL of HK\$61.50 million) for the Period primarily represents the reversal of provision for ECL of HK\$96.11 million on debt instruments upon the Company’s successful exits from two and partial repayment from another two of them, which was partially offset by the provision for ECL on a few other debt instruments.

Equity-settled share-based payments: The HK\$1.51 million (1H FY2019/20: HK\$3.07 million) represents the cost of share options amortized during the Period. These share options were granted to certain Directors, employees and consultants on 20 May 2016 and 1 February 2018 respectively, which are allowed to be vested over five years from the grant dates.

Operating and administrative expenses: The total amount of HK\$43.46 million operating and administrative expenses (1H FY2019/20: HK\$67.29 million) was mainly the result of staff costs, investment management fee, depreciation, audit fee, brokerage commission and trading expenses, service fee expense as well as legal and professional fees. The year-over-year decrease in operating and administrative expenses was primarily driven by a decrease of HK\$10.77 million in staff cost, HK\$5.25 million in depreciation on Right-of-Use (ROU) assets, HK\$4.37 million in Director remuneration and HK\$2.66 million in service fee expenses, which were partially offset by an increase of HK\$0.96 million in depreciation of fixed assets and HK\$0.86 million in brokerage commission and trading expenses.

Share of results of investments accounted for using equity method: a net gain of approximately HK\$82.25 million (1H FY2019/20: net loss of HK\$145.57 million) mainly represents our share of gain of HK\$70.01 million from Treasure Up (BITIC) due to the recovery of global financial markets since March 2020, supported by the strong fundamentals of BITIC. The share of gain of HK\$10.92 million from CSOP is another contributor driven by its robust business performance during the Period.

Other comprehensive income: Changes in the Group’s NAV, which are not accounted for in “profit for the Period”, are recorded under “other comprehensive income”. The net gain of HK\$1.34 million (1H FY2019/20: loss of HK\$0.15 million) represented the share of exchange differences recognised in other comprehensive income of CSOP. Including the “profit for the Period”, the total comprehensive income for the Period was a gain of HK\$426.75 million.

DIVIDEND POLICY AND PROPOSED INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend in respect of the Period (1H FY2019/20: nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group’s major sources of revenue currently are dividend income from investments held, interest income from bank deposits and financial instruments held.

As at 30 September 2020, the Group had cash and bank balances of HK\$41.35 million (31 March 2020: HK\$117.39 million). The Group had an aggregate of HK\$278.87 million loans primarily comprised of bank loans from our principal bankers, interest-bearing loan from a third party and interest-free borrowings from one of the associates for a PRC potential investment as at 30 September 2020 (31 March 2020: HK\$506.85 million). The debt-to-equity ratio (interest-bearing external borrowings divided by shareholders' equity) stood at 4.6% (31 March 2020: 10.7%) while the current ratio (current assets divided by current liabilities) was 8 times (31 March 2020: 4 times). For further analysis of the Group's cash position, current assets and gearing, please refer to paragraphs under subsections headed "Financial Position" above.

The Board believes that our operations and borrowing resources are sufficient to provide funding to satisfy our ongoing investment and working capital requirements for the foreseeable future.

CAPITAL STRUCTURE

As at 30 September 2020, Shareholders' Equity and the total number of shares in issue of the Company stood at HK\$4.57 billion (31 March 2020: HK\$4.11 billion) and 2,900,940,000 (31 March 2020: 2,900,940,000), respectively.

MATERIAL ACQUISITIONS AND DISPOSALS OF INVESTMENTS

The Company had the following material acquisitions as well as disposals of investments on a cash flow basis during the Period.

	New/ Additional Investment (HK\$ million)	Divestment/ Disposal (HK\$ million)
Mid-term private equity and venture capital	700.00 ⁽¹⁾	127.10 ⁽²⁾
Short-term arbitrage opportunities		
– Listed securities	73.24 ⁽³⁾	259.59 ⁽⁴⁾
– Debt instruments	–	559.85
	<hr/>	<hr/>
Total	<u>773.24</u>	<u>946.54</u>

(1) The HK\$700.00 million represents the Company's investment in Jiedaibao Limited during the Period.

(2) Out of the HK\$127.10 million, approximately HK\$57.59 million was distribution received by the Company from two investees, whilst the remaining HK\$69.51 million represented sales proceeds from disposal of three investments.

(3) The HK\$73.24 million represents the Company's investment into four listed securities during the Period.

(4) The HK\$259.59 million represents the Company's divestment from six listed securities and proceeds received from co-investment partners during the Period.

SEGMENT INFORMATION

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

EMPLOYEES

As of 30 September 2020, the Group had 39 employees (31 March 2020: 43), inclusive of all Directors of the Group and its subsidiaries. Total staff costs including equity-settled share-based payments for the Period amounted to HK\$13.48 million (1H FY2019/20: HK\$30.18 million). The Group's remuneration policies are in line with market practices and are determined on the basis of the performance and experience of individual employees.

SHARE OPTION SCHEME

During the Period, the Board did not grant any share option under the Company's share option scheme to any Directors or eligible employees of the Group and there were no granted share options exercised (1H FY2019/20: nil). As at 30 September 2020, there were 71,700,000 (31 March 2020: 71,700,000) share options that remained outstanding under the share option scheme.

The detailed disclosures relating to the Company's share option scheme and valuation of options will be set out in the section headed "Share Option Scheme" under Notes to the condensed consolidated financial information.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

As at 30 September 2020, the Group was exposed to foreign exchange risk arising from financial instruments that are monetary items including investments recognized as financial assets at fair value through profit or loss, prepaid consideration for equity investment, loan and other receivables, bank balances, deferred tax liabilities and other payables (31 March 2020: financial assets at fair value through profit or loss, prepaid consideration for equity investment, loan and other receivables, bank balances and other payables). These assets were denominated in RMB and the maximum exposure to foreign exchange risk was RMB1,106,294,000, equivalent to HK\$1,257,580,000 (31 March 2020: RMB452,054,000, equivalent to HK\$492,965,000).

As at 30 September 2020, 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 exchange risk is minimal as HKD is pegged to USD based on the Linked Exchange Rate System in Hong Kong.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2020, there were no charges on the Company's assets. Regarding the guarantees provided by the Group in respect of the settlement of RMB20 million loan provided by 博石資產管理股份有限公司 to 上海幸福九號網絡科技有限公司, the Company received a demand letter from 博石資產管理股份有限公司 for settling the loan on behalf of 上海幸福九號網絡科技有限公司 on 20 April 2020 due to the financial difficulties of 上海幸福九號網絡科技有限公司. The loan was fully paid on 22 May 2020 and a provision for the loan guarantee of RMB20 million (equivalent to HK\$21.81 million) had been recognized as at 31 March 2020.

The Company, through a subsidiary, OP Fintech Holdings Limited, signed a limited partnership agreement in which the Company acted as general partner and sub-ordinated limited partner of OP EBS Fintech and contributed US\$20,000,000, or approximately HK\$156,255,000 to the limited partnership. Through OP EBS Fintech, the Company invested into Wacai Holdings Limited (“**Wacai**”), which is one of the earliest established Fintech companies in China.

Pursuant to the Share Charge, the Group's sub-ordinated limited partner's interest has been charged in favour of the preferred limited partner of OP EBS Fintech (“**PLP**”) to secure any outstanding amounts owed. Upon the exercise of right of redemption by the Preferred Limited Partner (“**PLP**”), the Group could either make new capital contribution to the limited partnership to fund the relative proportion of the PLP redemption amount, or settle the proportional redemption amount by transferring the Group's subordinated limited partner's interest to the PLP under the Share Charge.

A notice of withdrawal has been received by OP Fintech Holdings Limited on 2 September 2020, indicating the expiry of PLP's term and its intention to exit. Pursuant to the terms of the LPA, OP Fintech Holdings Limited is required to remit approximately US\$18,236,000 to the limited partnership to facilitate PLP's exit. The Board considered the challenges and uncertainties the investee faced in Fintech industries and business environments in Mainland China, and expected that the cost to retain its investment interest outweighs the potential benefits. As such, the Group intended to settle the required remittance obligation by transferring its SLP interest to PLP under the Share Charge.

The transfer of SLP interest to PLP has not been completed by the reporting date. However, the management assessed the position and potential challenges faced by the investee and expected the remaining investment value over the required remittance to be insignificant. As such, the carrying value of the investment is valued at zero.

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

As at 30 September 2020, there were no plans for material investments or capital assets. The Company may, at any point, be negotiating potential investments. The Company considers new investments as part of its daily business, and therefore management may publically announce these plans as they become necessarily disclosable to the shareholders.

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

As disclosed in the Company's announcement dated 23 October 2020, 桐鄉市東英股權投資基金管理合伙企業(有限合伙) ("the Seller") has completed the release of the pledge and the registration of the transfer of the Shares. The Shares (63,202,590 shares in Dagang) have been registered under the name of 英奇投資(杭州)有限公司, a wholly-owned subsidiary of the Company, with China Securities Depository and Clearing Corporation Limited. The Company and the Seller have agreed that the third instalment and the final payment (RMB245,228,490 in total) should be paid after the registration of the transfer of the Shares. The parties are negotiating the payment schedule.

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, Mr. ZHANG Gaobo and Mr Wang Xiaojun attended the annual general meeting held on 31 August 2020 ("AGM"). Due to the restrictions in response to the outbreak of COVID-19 pandemic and other business commitment on urgent basis, Mr. ZHANG Zhi Ping, Dr. LIU Zhiwei, Dr. WU Zhong, Mr. CHEN Yuming, Dr. FU Weigang and Prof. HE Jia did not attend the AGM.

Code Provision C.1.2 provided that the management should provide all members of the board with monthly updates on the issues, performance, position, and prospects, which may include monthly management accounts and materials between projections and actual results. During the period, although management accounts were not circulated to board members on a monthly basis, regular reports were given by management to the Directors from time to time, which the Directors consider to be sufficient and appropriate in the circumstances in giving a balanced and understandable assessment of the Company's performance and enable Directors to discharge their duties.

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. Following a 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 interim financial information for the Period before recommending them to the Board for approval.

REVIEW OF INTERIM FINANCIAL INFORMATION

The external auditor has reviewed the condensed consolidated 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 interim results 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 directors 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 RESULTS ANNOUNCEMENT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim results announcement is published on the website of the Stock Exchange and that of the Company (www.opfin.com.hk). The interim results announcement 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 Limited
ZHANG Gaobo

Executive Director and Chairman

Hong Kong SAR, 27 November 2020

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 four independent non-executive Directors, namely, Professor He Jia, Mr. Wang Xiaojun, Mr. Chen Yumin and Dr. Fu Weigang.