東英 ORIENTAL PATRON

OP Financial Limited

Stock Code: 1140

CROSSING BORDERS

Annual Report 2017/2018

CONTENTS

FORWARD-LOOKING STATEMENTS

This annual report 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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. ZHANG Zhi Ping (re-designated from Chairman to Honorary Chairman on 29 June 2018)
Mr. ZHANG Gaobo (re-designated from CEO to Chairman and CEO on 29 June 2018)
Dr. LIU Zhiwei (resigned on 29 June 2018)
Mr. ZHANG Weidong

Non-executive Director

Dr. WU Zhong (appointed as Deputy Chairman on 29 June 2018)
Mr. CHEN Yuming (appointed on 29 June 2018)
Dr. FU Weigang (appointed on 29 June 2018)

Independent Non-executive Directors

Mr. KWONG Che Keung, Gordon
Prof. HE Jia
Mr. WANG Xiaojun

AUDIT COMMITTEE

Mr. KWONG Che Keung, Gordon *(Chairman)*
Prof. HE Jia
Mr. WANG Xiaojun

REMUNERATION COMMITTEE

Mr. WANG Xiaojun *(Chairman)*
Prof. HE Jia
Mr. KWONG Che Keung, Gordon

NOMINATION COMMITTEE

Mr. ZHANG Zhi Ping (resigned on 29 June 2018)
Mr. ZHANG Gaobo (appointed as Chairman on 29 June 2018)
Mr. KWONG Che Keung, Gordon
Prof. HE Jia
Mr. WANG Xiaojun

CORPORATE GOVERNANCE COMMITTEE

Prof. HE Jia *(Chairman)*
Mr. ZHANG Zhi Ping
Mr. ZHANG Gaobo
Dr. LIU Zhiwei (resigned on 29 June 2018)
Mr. KWONG Che Keung, Gordon
Mr. WANG Xiaojun

AUTHORIZED REPRESENTATIVES

Mr. ZHANG Gaobo
Mr. ZHOU Tao, David

COMPANY SECRETARY

Mr. ZHOU Tao, David

INVESTOR RELATIONS OFFICER

Ms. WU Shan

INVESTMENT MANAGER

Oriental Patron Asia Limited

AUDITOR

PricewaterhouseCoopers

PRINCIPAL REGISTRARS

SMP Partners (Cayman) Limited
Royal Bank House, 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

BRANCH REGISTRARS

Tricor Abacus Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

P.O. Box 309GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

27/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

PRINCIPAL BANKER

Bank of Communications Co., Ltd. Hong Kong Branch
China CITIC Bank International Limited
China Construction Bank (Asia) Corporation Limited
China Construction Bank Corporation Hong Kong Branch
China Minsheng Banking Corporation Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Shanghai Pudong Development Bank Hong Kong Branch
Xiamen International Bank Co Limited

STOCK CODE

The Stock Exchange of Hong Kong Limited
Code: 1140

WEBSITE

www.opfin.com.hk

CHAIRMAN'S STATEMENT

TOWARDS CROSS-BORDER INTEGRATION AND COLLABORATION

Dear Shareholders,

In 2017, OP Financial has further accelerated cross-border integration and collaboration giving full play to the competence of investing across borders and sectors. We actively capture the opportunity and speed the way to new investments, achieving a satisfactory financial performance. The total comprehensive income of the Group amounted to approximately HK$196.15 million, while net asset value increased to approximately HK$5.59 billion. Hence, the Company Board of Directors recommended the payment of a final dividend of HK 4 cents per share.

OP Financial initiates the upgrade of its overall strategic planning in 2018. Strategically, we have implicit faith in the long-term growth of the Chinese economy. We believe Chinese manufacturing ecosystem is efficient and flexible. It is difficult for other countries to be on an equal level, even in the long-run. Numerous great world-class enterprises will be born in China because of its large manufacturing base, population scale and market size, the widespread popularity of mobile Internet, and in-depth application of the Internet and the IOT across sectors. Thus, we have a mission to discover these enterprises, participate in a genuine development with them, and create the long-term capital appreciation for shareholders.

We divide our investments into three strategies for better implementation of the overall strategic planning. The first strategy is the core holding, which focuses on the companies with high potential for growth. Our long-term capital supports these companies to achieve their strategic objectives, while in return, creating the capital gain for our shareholders. The second strategy is to build add-on deals through private equity and venture capital funds, to invest in either the upstream, the downstream or the surrounding business of the core holding companies. OP Financial empowers the ecosystem of the core holding companies and creates medium-to-short-term investment returns for shareholders. The third strategy derives from short-term cross-border financing demands of the core holding companies, the relative investees, or the surrounding companies. OP Financial provides near-term funding support for these enterprises, generates income from the spread between prices, interest rates or currency rates.

During the Year, our new investments generally reflect the investment philosophy mentioned above, including our cooperation with China Everbright Securities International, Beijing Enterprises Water Group Limited, and Central China Real Estate Ltd to invest in sectors with enormous potential such as finance, internet plus, consumption upgrade and environmental protection.

Against the backdrop of "China Manufacturing 2025" and "Health China 2030", OP Financial will focus on the industry which contributes to the real economy, such as advanced manufacturing, high-tech, environmental protection, medical, and education. Among which, OP Financial has seen the value embedded in the great healthcare industry. We believe a gradual improvement of the healthcare system covering whole life cycle, with reasonable structure and comprehensiveness, will continuously unleash the potential of the sector.

Mutually beneficial and win-win cooperation are our core value. We have always been a long-term partner of capital and entrepreneurs. We successfully introduced institutional investors, the People's Insurance Company (Group) of China Limited and China Merchant Bank International, as well as seasoned entrepreneurs to optimize the shareholder structure. We believe that the participation of strategic shareholders will not only strengthen the capital base but also improve corporate governance, expand deal sources and achieve win-win results.

During the Year, OP Financial was included as a constituent of Hong Kong Index of MSCI Small Cap Index, Hang Seng Composite SmallCap Index, and Shenzhen-Hong Kong Stock Connect. The inclusion enhanced our market influence. Also, OP Financial was granted the China Securities Golden Bauhinia's Listed Company with Best Brand Value Award and the Most Valuable Financial Stock in the 2017 Golden Hong Kong Stocks Awards, both reflecting the market recognition on our value.

Looking forward, we will continue the implementation of our strategy and carry out cross-border integration and collaboration. As a listed investment platform, we will make the most of the patient capital, multiple financing instruments, and the most suitable capital structure, to generate a long-term return for shareholders. Meanwhile, we will also capture the short-term gains and maintain certain liquidity at a proper level.

ZHANG Zhi Ping
Chairman
28 June 2018, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

THE OP FINANCIAL CHARTER

OP Financial is a cross-border investor with a focus on China's fast growing industries and the best investment opportunities.

We believe a long-term investment perspective is a critical enabler of responsible investment. The close integration between industries and financial capital has become an irresistible trend. Our mission is to identify great companies and enhancing their performance by providing patient capital and support to strong management teams.

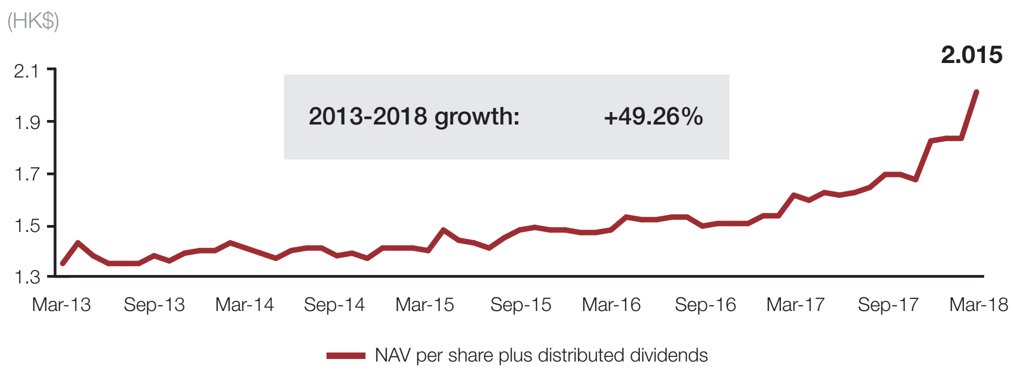
Being an owner of the portfolio, we invest off our own balance sheet. Our investment covers long-term core holding, mid-term private equity and venture capital, and short-term arbitrage opportunities, with returns generating from interests, dividends capital gains and capital appreciation.

RESULTS

At 31 March 2018, OP Financial's net asset value per share was HK$1.90 compared to HK$1.54 a year earlier, an increase of 23.38%. OP Financial's share price increased from HK$2.88 to HK$3.15 over the Year, representing an increase of 9.38%.

Over the five years to 31 March 2018, OP Financial's net asset value per share plus distributed dividends has increased by 49.26%.

NAV per Share Movement (2013-2018)

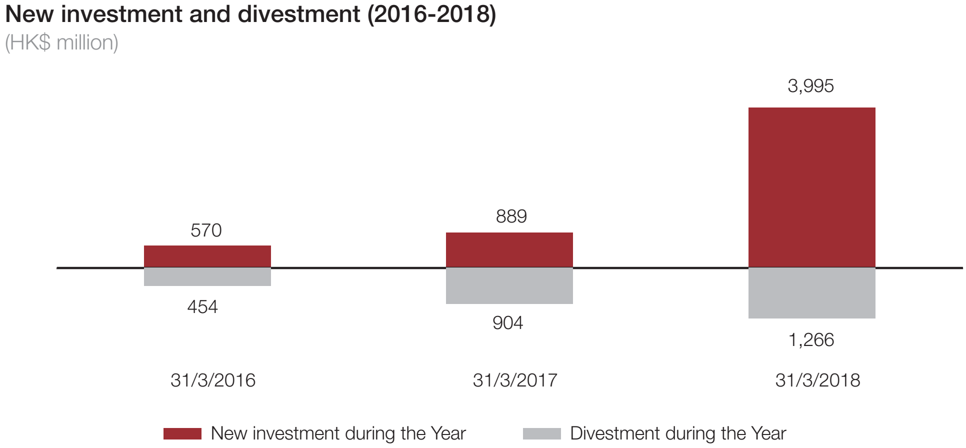


INVESTMENT REVIEW

Investment Activity

Last year, we had an enlarged capital base through successful placements. With enhanced capital strength, we accelerated our pace of investments. We made HK$4.00 billion of new investments and HK$1.27 billion of divestments during the Year. Our new investments mainly focused on private equity projects, listed securities and short-term debt instruments. Divestments mainly included several debt debentures, listed securities and a private equity fund.

New investment and divestment (2016-2018)



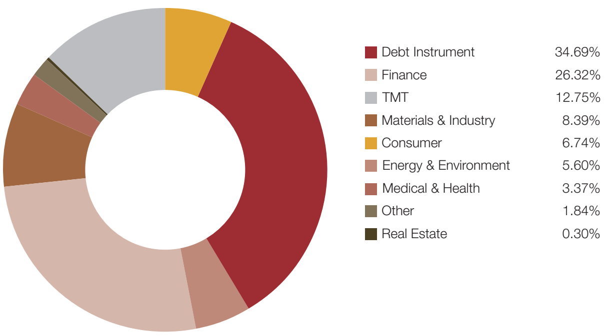
MANAGEMENT DISCUSSION AND ANALYSIS

Portfolio Breakdown

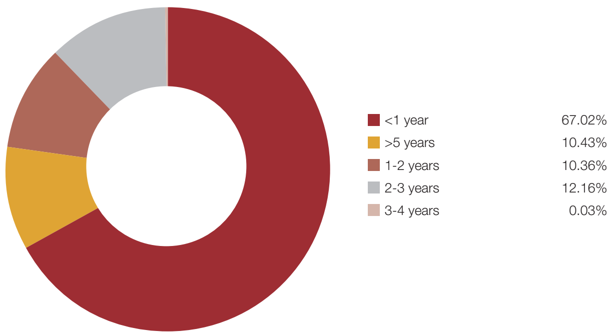
We divide our strategy into three categories, namely long-term core holding, mid-term private equity and venture capital, and short-term arbitrage and others. The core holding strategy, our first focus, takes advantage of the Group's ability to be long-term. We uncover companies with high potential of both growth and scalability and support them with a long-term capital. The second strategy focuses on private equity and venture capital that contribute to the consolidation of the industry chain for core holdings. The third strategy focuses on opportunities that emerge from short-term financing needs and other opportunistic deals.

The top three sectors for our investments during the Year were finance, TMT and materials & industry. In the finance sector, we invested in the finance lease sub-sector. In TMT sector, we invested in Telling Holding and Wacai. In materials & industry, we invested in Nine Dragons Paper and Qinhuangdao Tianye Tolian. Towards the end of the Year, we also stepped up our investments on other short-term opportunities.

By Sector



By Holding Period



MANAGEMENT DISCUSSION AND ANALYSIS

MAJOR INVESTMENT PORTFOLIO

Long-term Core Holding

As of 31 March 2018, our core holding companies include CSOP Asset Management Limited ("CSOP") and OPIM Holdings Limited ("OPIM"). CSOP is the largest RQFII manager globally, while OPIM is Asia's leading hedge fund platform. As of 31 March 2018, OP Financial's holding in this category amounted to HK$202.94 million.

CSOP Asset Management Limited

Date of initial investment: 2008
Type of deal: Core Holding
Equity ownership: 30%
Valuation: HK$150.32mn
Location: Hong Kong
Industry: Finance

OP Financial established an asset management company in Hong Kong named CSOP Asset Management Limited jointly with China Southern Asset Management Co., Ltd..

CSOP manages private and public funds, as well as providing investment advisory services to Asian and global investors with a dedicated focus on China investing. CSOP holds a total of RMB46.10 billion Renminbi Qualified Foreign Institutional Investor (RQFII) quota, making it the largest RQFII manager in the market. Followed by MSCI A-share inclusion, international investors are stepping up investing A share to increase China exposure and diversify their portfolio. As an early entrant to the market, with a proven track record and an excellent reputation, CSOP is well positioned to leverage the scale and continue to lead the industry.

To date, OP Financial has achieved nearly 4x return on CSOP. OP Financial will hold this position as one of the core holdings to pursue long-term growth.

OPIM Holdings Limited

Date of initial investment: 2008
Type of deal: Core Holding
Equity ownership: 30%
Valuation: HK$52.62mn
Location: Hong Kong
Industry: Finance

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 an ecosystem linking up fund managers, service providers and capital allocators, which enables the managers to launch offshore funds in fast and affordable structures. The ecosystem allows the managers to focus on performance and build a professional track record.

During the Year, OPIM was awarded the HFM Best Regulatory Platform in Asia for the second consecutive years. It also announced a strategic investment into Fundseeder Holdings LLC, to bring the award-winning trader analytics and trader talent search platform to Hong Kong and China.

OP Financial will hold this position as one of the core holdings to achieve long-term investment return.

MANAGEMENT DISCUSSION AND ANALYSIS

Mid-term Private Equity and Venture Capital

During the Year, OP Financial made several direct investments. Our new investments include Wacai, BE Financial Service (Beijing) Investment Holdings Limited and Henan CCOP New Life Service Limited. As of 31 March 2018, OP Financial's holding in this category amounted to HK$2.11 billion. The major investments are listed as below:

Beijing International Trust Co., Ltd

Date of initial investment: 2016
Type of deal: Private Equity
Valuation: HK$490.74mn
Location: China
Industry: Finance

Beijing International Trust Co., Ltd ("BITIC") is a Chinese large-scale non-banking financial institution, which engages in trusts, investment funds, financial services, brokerage and advisory businesses. OP Financial acquired 25% equity interest in Treasure Up Ventures Limited ("Treasure Up"), which in turn participates in a minority economic interest in BITIC.

Xiaoju Kuaizhi Inc. (Didi Chuxing)

Date of initial investment: 2016
Type of deal: Private Equity
Valuation: HK$156.83mn
Location: China
Industry: TMT

Didi Chuxing is the world's leading one-stop mobile transportation platform. Didi Chuxing offers app-based mobility options for over 550 million users. Xiaoju Kuaizhi Inc. ("Xiaoju Kuaizhi") is the Cayman Island SPV of Didi Chuxing. OP Financial subscribed preferred shares issued by Xiaoju Kuaizhi.

Wacai Holdings Limited

Date of initial investment: 2017
Type of deal: Private Equity
Valuation: HK$156.26mn
Location: China
Industry: TMT

Wacai Holdings Limited ("Wacai") is one of the earliest established Fin-tech companies in China, which 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. OP Financial and China Everbright Securities International Structured Finance Company Limited formed OP EBS Fintech Investment L.P. ("OP EBS Fintech"), for subscription of preferred shares of Wacai.

Sinagri Yingtai AMP Limited

Date of initial investment: 2017
Type of deal: Private Equity
Valuation: HK$97.23 mn
Location: China
Industry: Medical and Health

Sinagri Yingtai AMP Limited is a Chinese high-tech biotechnology company focusing on research, development, production and distribution of antimicrobial peptides (AMPs). It is a Chinese leading manufacturer of substitutes for antibiotic feed additives.

BE Financial Service (Beijing) Investment Holdings Limited

Date of initial investment: 2017
Type of deal: Private Equity
Valuation: HK$49.17mn
Location: China
Industry: Environment

OP Financial partners with Beijing Enterprises Water Group Limited ("BEWG", stock code: 371.HK) to promote the establishment of BE Financial Service (Beijing) Investment Holdings Limited (北控金服（北京）投資控股有限公司, "BEFS"). 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.

Henan CCOP New Life Service Limited

Date of initial investment: 2017
Type of deal: Private Equity
Valuation: HK$11.62mn
Location: China
Industry: Real Estate

OP Financial setup an investment entity with Central China Real Estate Limited (Stock code: 832.HK) ("Central China"), named Henan CCOP New Life Service Limited (河南建業東英新生活服務有限公司, "CCOP New Life"). 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Short-term Arbitrage and others

Towards the end of the Year, OP Financial stepped up its investments in the debt instruments to capture the increasing investment opportunities and enhance liquidity. As of 31 March 2018, OP Financial's holding in debt instruments amounted to about HK$1.48 billion. Among them, about HK$1.46 billion of the debt instruments were issued under the joint venture arrangements of investments with the issuers. OP Financial adopted the debt instruments to enhance safety and liquidity of its contributions under the joint venture arrangements.

During the Year, OP Financial also makes good use of own capital to capture investment opportunity in the stock market by investing listed shares of some companies that listed on the Hong Kong Stock Exchange, Shenzhen Stock Exchange, and NYSE. These companies come from diverse industries, ranging from materials, medical & health and TMT. As of 31 March 2018, OP Financial's holding in listed equity amounted to HK$460.72 million.

FINANCIAL REVIEW

Financial position

Net asset value: The Group's net asset value as at 31 March 2018 increased by 91.97% from HK$2.91 billion to HK$5.59 billion. The NAV per share increased from HK$1.54 to HK$1.90, representing an increase of 23.38%.

Gearing: The gearing ratio, which is calculated on the basis of total liabilities over total equity as at 31 March 2018, was 0.10 (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 the core holding companies and interest in mid-term private equity companies. Assets increased by 57.69% to HK$1.02 billion as at 31 March 2018 (31 March 2017: HK$644.12 million) reflecting the appreciation in asset value of our existing positions and new investments in mid-term private equity companies.

Available-for-sale financial assets: An increase of 7.69% from HK$322.04 million to HK$346.80 million was mainly attributable to the appreciation in portfolio companies, including Didi Chuxing.

Financial assets at fair value through profit or loss: A significant increase from HK$275.17 million to HK$1.44 billion was mainly attributable to (i) the new investments in Hong Kong, Shenzhen and the US listed equities, (ii) the gain on mid-term private equity companies and exchangeable bonds, and (iii) additional investments in funds.

Debt investments: It represents the investments in short-term debt instruments during the Year.

Bank and cash balances: The Group has been actively looking for new opportunities and investing across private equity, listed equity, secondary market funds and debt instruments. New investments grow from HK$889 million to HK$4.00 billion. Counting in the newly raised capital from placements, the Group is able to maintain the cash level as the dry powder for future investments. As of 31 March 2018, our bank and cash balance were HK$1.77 billion (31 March 2017: HK$1.79 billion).

RESULTS

The Group's portfolio delivered satisfactory return during the Year. The total comprehensive income amounted to a gain of HK$196.15 million compared to HK$205.12 million last year. Profit from the Year amounted to HK$143.42 million, compared to HK$188.06 million last year. Other comprehensive income amounted to HK$52.73 million, compared to HK$17.06 million last year. Most of our positions across three main strategies have shown an increase in carrying value reflecting on realized and unrealized gains, while the interests income and performance premium also contribute to the bottom line.

Consolidated statement of profit or loss and other comprehensive Income

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

	2018 HK$'000	2017 HK$'000
Dividend income[(1)]	**7,077**	765
Performance premium from co-investment partner[(2)]	**15,639**	15,520
Interest and other income[(3)]	**102,721**	34,918
Option premium received[(4)]	**–**	50,404
	125,437	101,607

(1) Dividends received from listed investments during the Year.

(2) CIC, co-investment partner in both Jin Dou Development Fund L.P. ("Jin Dou") and Nobel Holdings Investments Ltd ("Nobel"), awarded OP Financial performance premiums totaling HK$15.64 million (31 March 2017: HK$15.52 million) to the Group in return for our resources allocated to the agricultural partnership – Jin Dou.

(3) Interest and other income of HK$102.72 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. The options were expired during the year ended 31 March 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Net change in unrealized gain/(loss) on financial assets at fair value through profit or loss: The net change in unrealized gain of HK$40.37 million (31 March 2017: loss of HK$37.18 million) mainly represents the net result of (i) net unrealized gain of HK$50.07 million on two private equity companies (ii) net unrealized gain of HK$29.18 million on the exchangeable bond and (iii) net unrealized loss of HK$42.99 million on listed shares and 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$37.86 million mainly represents share of unrealized loss by our co-investment with other financial institutions.

Realized gain/(loss) on disposal of investments: It mainly represents the realized gain on the partial disposal of listed equities, as well as the divestment of Gooagoo Group Holdings Ltd ("Gooagoo").

Realized loss on disposal of a subsidiary: It represents the realized loss on disposal of Shen Jiang Holdings Limited.

Impairment loss on investments: The HK$3.35 million loss represents the impairments on Kaisun Energy Group Limited ("Kaisun", Stock Code: 8203.HK), OP Vision L.P. ("OP Vision") and Nobel.

Equity-settled share-based payments: This represents the value of share options vested during the Year. These share options were granted to certain directors, employees and consultants on 20 May 2016 and 1 February 2018, which are vested over five years from the grant date.

Operating and administrative expenses: An increase from HK$90.97 million last year to HK$165.42 million this Year is due to the growing investment activities, which triggered higher investment management fees, office premise rentals and staff related costs.

Share of results of investments accounted for using equity method: a net amount of approximately HK$50.42 million (2017: HK$187.29 million) mainly accounted for our share of results of CSOP and Treasure Up.

Other comprehensive income: Changes to the Group's NAV, otherwise not accounted for in "profit for the Year", are found in "other comprehensive income". The gain of HK$52.73 million (2017: gain of HK$17.06 million) is mainly net of (i) fair value changes of available-for-sale financial assets by HK$48.90 million, and (ii) a transfer of impairment losses on available-for-sale financial assets of HK$3.35 million to profit or loss. Combining with the "profit for the Year", the total comprehensive income for the Year was a gain of HK$196.15 million.

Fair value changes recognized in Other Comprehensive Income:

	2018 HK$'000	2017 HK$'000
Didi Chuxing	**40,264**	116
OPIM	**9,320**	460
Nobel	**2,578**	(6,581)
Gooagoo	**126**	40
Dance Biopharm Holdings Inc.	**–**	(21,268)
OP Vision	**(681)**	(2,628)
Kaisun	**(793)**	(1,916)
Jin Dou	**(1,911)**	(794)
Fair value increase/(decrease)	**48,903**	(32,571)

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND POLICY AND PROPOSED FINAL DIVIDEND

No interim dividend was paid during the Year (2017: nil).

As part of a long-term commitment to providing shareholder value, the Board intends to recommend dividend distribution upon successful exit of any material profitable investment position.

The Board recommend the payment of a final dividend of HK 4 cents (2017: HK 4 cents) per share in respect of the Year to shareholders whose names appear on the Register of Members of the Company at the close of business on 31 August 2018. The proposed final dividend will be paid on 7 September 2018 following approval at the forthcoming annual general meeting of the Company.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the proposed final dividend for the Year (subject to approval by shareholders of the Company at the forthcoming annual general meeting), the register of members of the Company will be closed from 3 September 2018 to 4 September 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 31 August 2018.

LIQUIDITY AND FINANCIAL RESOURCES

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

During the Year, the Group had cash and bank balances of HK$1.77 billion (31 March 2017: HK$1.79 billion). The Group had loan payables of HK$127,975,000 of bank margin financing on listed equity investments and interest-free borrowings from one of associates for a PRC potential investment at 31 March 2018 (31 March 2017: nil). The debt-to-equity ratio (interest-bearing external borrowings divided by shareholders' equity) stood at 0.009 (2017: Nil) while the current ratio (current assets divided by current liabilities) was 8 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

On 14 March 2018, the Company completed the placing of 300,000,000 ordinary shares at a price of HK$3.33 per share. The net proceeds from the placing were approximately HK$999 million.

On 21 December 2017, the Company completed the placing of 740,000,000 ordinary shares at a price of HK$2.10 per share. The net proceeds from the placing were approximately HK$1.55 billion.

As at 31 March 2018, the Group's shareholders' equity and the total number of shares in issue for the Company increased to HK$5.60 billion (31 March 2017: HK$2.91 billion) and 2,937,396,000 (31 March 2017: 1,897,396,000) respectively.

MATERIAL ACQUISITIONS AND DISPOSALS OF INVESTMENTS

The Group had the following material investments as well as disposals of investments during the Year.

	New Investment (HK$ million)	**Divestment/ Disposal** (HK$ million)
Long-term Core Holding	–	33
Mid-term private equity and venture capital	999	52
Short-term arbitrage opportunities		
– Listed equity	725	279
– Debt instrument	2,271	902
Total	3,995	1,266

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT INFORMATION

Segment information of the Group is set out in note 8 on pages 75 of this report.

EMPLOYEES

During the Year, the Group had 46 employees (2017: 39), inclusive of all directors of the Group and its subsidiaries. Total staff costs for the Year amounted to HK$66.11 million (2017: HK$39.00 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 section headed "Share Option Scheme" under Notes to the consolidated financial statements.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

At 31 March 2018, the Group exposure to foreign currency risk from financial instruments that are monetary items including investments recognized in financial assets at fair value through profit or loss, loan and interest receivables, bank balances, account and other payables (2017: financial assets at fair value through profit or loss, account payable and its bank balances). These assets were denominated in RMB and the maximum exposure to foreign currency risk was RMB406,108,000, equivalent to HK$502,944,000 (2017: RMB20,055,000, equivalent to HK$22,637,000).

At 31 March 2018, 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 31 March 2018, the Group's financial assets at fair value through profit or loss amounting to HK$119,700,000 was pledged for bank borrowings. The details relating the Group's bank borrowings are set out in note 23 to the consolidated financial statement.

At 31 March 2108, the Group had given guarantees in respect of the settlement of RMB20,000,000 (equivalent to HK$24,769,000) (2017: Nil) 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, a potential investee of the Company.

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 recognized at the inception of the guarantee contract and at the end of the Year.

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

As at 31 March 2018, 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 Year.

EVENTS AFTER THE REPORTING YEAR

As disclosed in the Company's announcement dated on 19 April 2018, the English name of the Company has been changed from "OP Financial Investments Limited" to "OP Financial Limited" and the Chinese name "東英金融有限公司" has been adopted for identification purpose only in place of its existing Chinese name "東英金融投資有限公司".

The stock short names of the Company for trading in the Shares on the Stock Exchange will be changed from "OP FIN INV" to "OP FINANCIAL" in English and from "東英金融投資" to "東英金融" in Chinese with effect from 9:00 a.m., 24 April 2018.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are stated below:

DIRECTOR

Executive Directors

Mr. ZHANG Zhi Ping, aged 62, has been appointed as the Honorary Chairman of the Company since 29 June 2018, an executive Director since February 2003, and a member of the corporate governance committee since January 2012. From February 2003 to June 2018, he was the Chairman of the Board. From January 2012 to June 2018, he was also the chairman of the nomination committee. Mr. Zhang is the chairman of Oriental Patron Financial Group and is responsible for formulating the investment strategies, monitoring the investment performance and approving investment decisions. Mr. Zhang obtained a bachelor degree in Arts from Heilongjiang University in 1982 and later graduated from Graduate School of the People's Bank of China ("PBOC") and obtained a master's degree in Economics. Mr. Zhang has over 30 years of experience in the PRC and international financial markets and held senior positions in a number of institutions, including the deputy division chief in Financial Administration Department of the PBOC, the chairman and general manager of Hainan Provincial Securities Company, the inaugural director of the Securities Society of China, the inaugural director of Department of Intermediary Supervision of China Securities Regulatory Commission ("CSRC"), a member of the listing committee of the Shanghai Stock Exchange and the chairman of the investment committee of Hainan Fudao Investment Management Company. Mr. Zhang has been a member of the Council of The PBC School of Finance of Tsinghua University since 2012. Mr. Zhang has taken up the role to serve as an Executive President of the Finance Center for South-South Cooperation Limited (formerly known as South-South Asia-Pacific Finance Center), a non-profit international organization in Special Consultative Status with ECOSOC of the United Nations, established for the promotion of South South Cooperation since April 2014.

Mr. ZHANG Gaobo, aged 53, has been appointed as the Chairman of the Board and the chairman of the nomination committee since 29 June 2018, an executive director and the Chief Executive Officer since February 2003, and a member of the corporate governance committee since January 2012. Mr. Zhang is responsible for formulating the investment strategies, monitoring the investment performance and approving investment decisions. Mr. Zhang founded Oriental Patron Financial Group with founding partners in 1993 and held the position as chief executive since then. He obtained a bachelor's degree in Science from Henan University in 1985 and later graduated from the Peking University with a master's degree in Economics in 1988. From 1988 to 1991, Mr. Zhang worked in Hainan Provincial Government and PBOC Hainan Branch and as the chairman of Hainan Stock Exchange Centre. Mr. Zhang is also an independent non-executive director of Beijing Enterprises Water Group Limited, a company listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and was a non-executive director of Vimetco N.V., a company listed on the London Stock Exchange from June 2007 to June 2017. Mr. Zhang has taken up the role to serve as the Vice-President of Finance Center for South-South Cooperation Limited (formerly known as South-South Asia-Pacific Finance Center), a non-profit international organization in Special Consultative Status with ECOSOC of the United Nations, established for the promotion of South South Cooperation since April 2014.

Dr. LIU Zhiwei, aged 51, had been appointed as an executive Director, the president of the Company, and a member of the corporate governance committee since June 2016 until his resignation on 29 June 2018. He had also served as a non-executive director of the Company from December 2015 to June 2016.

Mr. ZHANG Weidong, aged 53, was appointed as an executive Director of the Company in February 2017. Mr. Zhang has joined the Company as the deputy chief executive officer of the Company since January 2008. He is currently one of the members of the investment committee of the Company. Mr. Zhang has over 12 years' experience in the operation and management of commercial banking, during which he worked in the international business department of Industrial and Commercial Bank of China Limited ("ICBC") with final position level as departmental deputy general manager of the Head Office, including 3 years in ICBC Almaty Branch, where he was in charge of treasury, credit lending and office operations. Moreover, Mr. Zhang has 18 years' experience of investment banking and investment industries in Hong Kong, served as executive director of ICEA Finance Group (the investment banking arm of ICBC) and managing director of Alpha Alliance Finance Holdings, responsible for corporate finance and sales department respectively. He has been appointed as an independent non-executive director of each of ZZ Capital International Limited (stock code: 8295) whose shares are listed on the growth enterprise market board of the Stock Exchange and Tianjin Port Development Holdings Limited (stock code: 3382) whose shares are listed on the Main Board of the Stock Exchange. Mr. Zhang holds a master degree in Economics from Renmin University, a diploma of Program for Management Development of Harvard Business School and held a fellowship from Columbia University in New York.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Non-executive Director

Dr. WU Zhong, aged 54, has been appointed as a non-executive Director of the Company since February 2017 and the Deputy Chairman of the Board since 29 June 2018. Dr. Wu has been the Vice-President and Director-General of Finance Center for South-South Cooperation Limited ("FCSSCL", a connected person of the Company under Chapter 14A of the Listing Rules) since June 2015. Prior to joining FCSSCL, Dr. Wu held various positions in the PRC. He was the Mayor of Qianjiang, Chongqing Municipality from December 2010 to May 2015; the Director of International Poverty Reduction Center in China from July 2008 to November 2010; the Director-General of the Department of International Cooperation and Social Mobilization of the State Council Leading Group Office of Poverty Alleviation and Development ("LGOP") from May 2002 to July 2008; the Chief of the Planning Division of LGOP from May 2000 to May 2002 (during the period he was transferred to be the Assistant Commissioner of the Administrative Office of Tongren Prefecture in Guizhou Province from February 2001 to January 2002); the Director of Purchasing Division of Foreign Capital Project Management Center of LGOP from May 1996 to May 2000 (during the period he was also appointed as the Chairman and the General Manager of Huada Industrial Company in Fangchenggang City, Guangxi Zhuang Autonomous Region, being responsible for implementation of World Bank hard-loans to poverty alleviation projects about aquaculture, labor export and low-cost housing, etc. from 1996 to 1998); and the Deputy Director of the Institute of Population Research of Peking University from March 1993 to May 1996. Dr. Wu obtained a bachelor of Economics degree and a master of Economics degree from Peking University in 1985 and 1988 respectively, a Master of Science in Medical Statistics from the London School of Hygiene & Tropical Medicine, the University of London in 1993. Dr. Wu also obtained a PhD in demography from the School of Economics, Peking University in 1999.

Mr. CHEN Yuming, aged 55, obtained a bachelor degree and a master degree from Jiangxi University of Finance and Economics in 1983 and 1999 respectively. He also obtained an EMBA from Cheung Kong Graduate School of Business in 2010. Mr. Chen has more than 30 years of experience in banking, securities, fund management and auditing. He is currently Chairman of Shenzhen Leaguer Financial Holdings Company Limited, Chairman of Shanghai Leaguer Financial Leasing Co., Ltd., and Assistant to Dean of Shen Zhen Research Institute of Tsinghua University. Prior to that, Mr. Chen had served in Bank of East Asia (China) Co., Ltd. from 2007 to 2011 in various positions including President of its Shenzhen Branch and Vice President of its head office. From 1999 to 2006, Mr. Chen had worked in the Shenzhen Commercial Bank, where he had first served as Vice President, and later as President and Vice Chairman. From 1993 to 1998, Mr. Chen had held various positions in the head office of Shenzhen Urban Cooperative Bank, including Assistant to President, General Manager of Credit Department and Director of Business Department. He had served as Deputy Director of Jiangsu Provincial Auditing Department from 1989 to 1992. He had also served as Deputy Director and Division Chief of Jiangxi Provincial Auditing Department from 1983 to 1989.

Dr. FU Weigang, aged 40, is currently the executive president of the Sifl Institute. Dr. Fu has served in the Sifl Institute since 2003 in various positions including Assistant President and Vice President. Dr. Fu is a provocative commentator and a leading authority on domestic issues such as urbanization, the internet and government regulation. Dr. Fu is also a column writer for many financial media such as Caijing, Caixin and FT Chinese. Additionally, he is an adjunct professor at Shanghai University of Finance and Economics (SHUFE), Shanghai Normal University and other universities, a vice director of the Legal Committee of the Zhejiang Chamber of Commerce in Shanghai, and a member of the South China International Economic and Trade Arbitration Commission (SCIA) Public-Private Partnership (PPP) Committee. Besides this, he served as an independent director of Changan Fund Management Co., Ltd. and an independent director of Shanghai Shifang Landscape and Ecology Co., Ltd. Dr. Fu obtained a bachelor of Law degree from Xi'an University of Technology in 2000 and a PhD degree from Zhejiang University in 2009.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors

Mr. KWONG Che Keung, Gordon, aged 68, has been an independent non-executive Director and the chairman of the audit committee of the Company since February 2003. Mr. Kwong has also been serving as a member of the remuneration committee of the Company since April 2005, a member of the nomination committee and corporate governance committee of the Company since January 2012. He is also an independent non-executive director of a number of companies listed on the Stock Exchange, namely NWS Holdings Limited, Global Digital Creations Holdings Limited, China Power International Development Limited, Henderson Land Development Company Limited, Henderson Investment Limited, Agile Property Holdings Limited, Chow Tai Fook Jewellery Group Limited and FSE Engineering Holdings Limited. Mr. Kwong resigned as an independent non-executive director of CITIC Telecom International Holdings Limited on 1 June 2017 and retired as an independent non-executive director of China COSCO Holdings Company Limited on 25 May 2017 after serving two terms of three years. From 1984 to 1998, Mr. Kwong was a partner of Pricewaterhouse and was a council member of the Stock Exchange from 1992 to 1997. He has a Bachelor of Social Science degree from the University of Hong Kong and is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

Prof. HE Jia, aged 63, has been an independent non-executive Director and serving as a member of the audit committee of the Company since February 2003 and a member of the remuneration committee of the Company since April 2005. Prof. He has also been appointed the chairman of the corporate governance committee and serving as a member of the nomination committee of the Company since January 2012. He is currently a leading professor of Department of Finance at the South University of Science and Technology of China and an independent non-executive director of each of CITIC Securities Company Limited and China Chengtong Development Group Limited, the shares of which are listed on the Main Board of the Stock Exchange. He was a professor of Department of Finance at the Chinese University of Hong Kong and a professor at the Tsinghua University. He was a commissioner of the Strategy and Development Committee of CSRC and a director of research of Shenzhen Stock Exchange from June 2001 to October 2002. He is a an editor of China Financial Economics Review, and is serving as a member of editorial boards of a number of journals, including China Accounting and Finance Review and Research in Banking and Finance. He holds a Doctor of Philosophy degree in Finance from the Wharton School of University of Pennsylvania, the United States.

Mr. WANG Xiaojun, aged 63, has been an independent non-executive Director and a member of the audit committee of the Company since August 2004. Mr. Wang has also been serving as the chairman of the remuneration committee of the Company since April 2005, and a member of the nomination committee and corporate governance committee of the Company since January 2012. Mr. Wang is a partner of Jun He Law Offices and was admitted lawyer and solicitor in the PRC, Hong Kong and England and Wales in 1988, 1995 and 1996 respectively. Mr. Wang has worked as a member of the legal expert group in the Stock Exchange and solicitor in Richards Butler and has worked as an investment banker in Peregrine and ING Barings. He graduated from the People's University of China and the Graduate School of the Chinese Academy of Social Science and holds a bachelor degree in Laws and a master degree in Laws. Mr. Wang is currently an independent non-executive director of Yanzhou Coal Mining Company Limited, a company listed on the Stock Exchange, Shanghai Stock Exchange and New York Stock Exchange, Livzon Pharmaceutical Group Co., Ltd., a company listed on Stock Exchange and Shenzhen Stock Exchange, and China Aerospace International Holdings Limited, a company listed on the Stock Exchange. He was previously an independent non-executive director of Norinco International Cooperation Company Limited until 16 September 2014.

SENIOR MANAGEMENT (In the order of commencement of engagement)

Mr. KE Yi *(Joint Chief Operating Officer and Co-head of Direct Investment)*, CFA, aged 32, was appointed as Joint Chief Operating Officer and Co-head of Direct Investment in 2017, and is responsible for the direct investment business of the Group. Mr. Ke has worked in the capital market and direct investment sector for 10 years, with extensive experience in cross border equity investments, overseas M&A transactions and various structured financing projects. Mr. Ke has completed transactions in sectors including financial technology, healthcare, new economy and environmental protection, etc. Mr. Ke was graduated from the University of Hong Kong with a bachelor degree in Economics and Finance.

Mr. LEUNG Kai Wai *(Chief Financial Officer)*, aged 39, has joined the Company since 2010 and is currently the Chief Financial Officer of the Company. Mr. Leung has more than 17 years of experience in accounting, auditing and finance and has held several financial positions in both listed companies in Hong Kong and reputable international accounting firm. Mr. Leung is a certified public accountant under the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Leung was graduated from the City University of Hong Kong with a bachelor degree in Accountancy.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. YEAP Jonathan Soon Pin *(Head of Energy & Resources)*, aged 57, was appointed as the Partner and Head of Energy & Resources of the Company in November 2010. He has responsibility for the origination and development of the Company's energy and resources businesses. He has over 35 years' experience in energy and natural resources industries. Before joining the Company, Mr. Yeap was the chief executive officer of Kaisun Energy Group Limited, a company listed on the Stock Exchange of Hong Kong Limited from 2008 to 2010. Prior to that, he was from 1997 to 2001 a chief executive officer of the China region and the managing director of the Asia Pacific region of Enron Corporation, a global energy group. Moreover, Mr. Yeap served as a chief executive officer of a subsidiary of a large oil, gas, coal and power company in the United States from 1993 to 1996. He also worked as a project director of a large United States power generating company assigned to the PRC from 1992 to 1993. During this period, Mr. Yeap was a lead developer for a foreign-invested integrated coal mine, power plant, DC transmission line project transporting electricity from Shanxi province, the PRC to Jiangsu province/Shanghai, the PRC. Mr. Yeap held various engineering and financial positions with a Canadian company specializing in development, construction and operation of independent power plants worldwide between 1983 and 1992. He holds a bachelor degree in electrical engineering from the University of Alberta.

Mr. LIU Yanbin *(Joint Chief Operating Officer and Co-head of Direct Investment)*, aged 38, was appointed as Joint Chief Officer and Co-head of Direct Investment in 2017 and is responsible for the Direct Investment business of the Company. Mr. Liu holds an Executive MBA degree from CASS Business School in London and a Bachelor degree in Business and Economics from University of International Business and Economics in Beijing. He has over 15 year's experience in Project Finance, M&A Finance and Capital Markets, over 8 year's experience in developing financing business in Europe, Middle East and Africa, and over 4 years of cross-border direct investment experience. Before joining the Group, Mr. Liu is an Associate Director of China-ACEAN Fund's (CAF) advisory company. Prior to this position, Mr. Liu had worked in London for over 8 years, and had served as the General Manager of Project Finance & Syndication Department of Bank of China (UK) Limited and Head of EMEA Reginal Center of Bank of China Group, in charge of Project Finance, M&A Finance, and Syndication Business with European, Middle-East and Africa Region. Before that, Mr. Liu was employed by Bank of China Head Office in Beijing, with the main focus on Group-Key-Client relationship management and Corporate Banking business development.

Mr. ZHOU Tao David *(Head of Legal and Compliance, Company Secretary)*, aged 47, was appointed as the Head of Legal and Compliance and the Company Secretary in September 2016. He oversees the legal and compliance matters of the Company as the Company Secretary. He is responsible for facilitating the Board process, as well as communication among the Board members, with the Shareholders and management of the Company. Mr. Zhou is a solicitor in Hong Kong, and has more than twelve years of experience in legal and compliance matters in financial institutions in Hong Kong. He holds the lawyer qualification in China, a LLB degree from Xiamen University and a LLB degree from Manchester Metropolitan University. He is also an arbitrator of South China International Economics and Trade Arbitration Commission.

Mr. ZHANG Wei *(Executive Deputy Chief Executive Officer)*, aged 47, was appointed as Executive Deputy Chief Executive Officer in August 2017. He is in charge of financing and development, capital markets and institutional relationship. Mr. Zhang has over 15 years' onshore and offshore experience in the operation and management in commercial and investment banking business. From 1994 to 1999, he worked at Sinotrans Limited, Hebei Company. From 2002 to 2005, he served as senior trader of China Minsheng Banking Corporation head office. From 2005 to 2015, he served as AVP of Development Bank of Singapore HK Branch, Director of Standard and Chartered Bank HK Branch, Director and head of China institutional sales of ING Bank respectively. From 2015 to 2017, he served as deputy general manager of Huarong Qianhai Wealth Management Co., Limited. Mr. Zhang obtained a bachelor's degree in Economics from Lanzhou University in 1994 and a master's degree in finance from Graduate School of PBOC in 2002.

DIRECTORS' REPORT

The directors ("Directors") of OP Financial Limited (the "Company", together with its subsidiaries, collectively referred to as the "Group") are pleased to present their annual report together with the audited consolidated financial statements for the year ended 31 March 2018 (the "Year").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment company incorporated with limited liability as an exempted company in the Cayman Islands on 26 July 2002. The principal investment objective is to achieve earnings for the Company in the form of medium to long term capital appreciation through investing in a diversified portfolio of global investments in listed and unlisted enterprises. The activities of its principal subsidiaries are set out in the section headed "Investments in Subsidiaries" under Notes to the Consolidated Financial Statements.

SEGMENT INFORMATION

Segment information of the Group is set out in the section headed "Segment Information" under Notes to the Consolidated Financial Statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income.

The Directors recommend the payment of a final dividend of HK 4 cents per share in respect of the Year to shareholders whose names appear on the Register of Members of the Company at the close of business on 31 August 2018. The proposed final dividend will be paid on 7 September 2018 following the approval at the forthcoming annual general meeting of the Company.

DONATIONS

Please refer to "Community Involvement" section in Environment, Social and Governance Report.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the Year are set out in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity in the section headed "Balance Sheet and Reserve Movement of the Company" under Notes to the Consolidated Financial Statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in the section headed "Share Capital" under Notes to the Consolidated Financial Statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 March 2018 amounted to HK$4,935,893,000.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association (the "Articles") or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders ("Shareholders").

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out in Financial Summary.

DIRECTORS' REPORT

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) when this report prepared by the Directors is approved in accordance with section 391 (1)(a) of the Companies Ordinance.

SHARE OPTIONS

Information about the share options of the Company during the Year is set out in the section headed "Share Option Scheme" under Notes to Consolidated Financial Statements.

DIRECTORS

The Directors during the Year and up to the date of this report were:

Executive Directors

Mr. ZHANG Zhi Ping
Mr. ZHANG Gaobo
Dr. LIU Zhiwei
Mr. ZHANG Weidong

Non-executive Director

Dr. WU Zhong

Independent Non-executive Directors

Mr. KWONG Che Keung, Gordon
Prof. HE Jia
Mr. WANG Xiaojun

In accordance with Article 113 of the Company's Articles of Association, Mr. KWONG Che Keung Gordon, Prof. HE Jia and Mr. WANG Xiaojun will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company confirms that it has received from each of the INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the INEDs are independent. The reasons are given in the "Corporate Governance Report" to this report.

Biographical details of the Directors as at the date of this annual report are set out in the "Biographical Details of Directors and Senior Management" to this report.

DIRECTORS' REPORT

DIRECTORS' SERVICE CONTRACTS

Each of the Directors has entered into a service contract with the Company and was appointed for a specific term, any of which is not more than three years. All of the Directors are subject to retirement by rotation in accordance with the Articles. No director offering for re-election at the forthcoming annual general meeting has entered into a service contract with the Company which is not terminable by the Company within one year without payment of compensation other than the normal statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the paragraph headed "Connected transactions" in this report and in the sections headed "Accounts and Loans Receivable" and "Related Party Transactions" under Notes to the Consolidated Financial Statements. No other contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries or its fellow subsidiaries was a party and in which any Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 March 2018, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares and underlying shares of the Company:

	Number of ordinary shares/ underlying shares held in the Company				
Name of director	**Capacity in which interests are held**	**Interests in shares**	**Interests under equity derivatives**	**Total interests**	**Total interests as to % to the capital of the Company as at 31 March 2018** (note 1)
Mr. ZHANG Zhi Ping (note 2)	Interest of controlled corporation	359,800,000	–	359,800,000	12.25%
Mr. ZHANG Gaobo (note 2)	Interest of controlled corporation	359,800,000	–	359,800,000	12.25%
Dr. LIU Zhiwei	Beneficial owner	314,306,000	–	314,306,000	10.70%
Mr. ZHANG Weidong (note 3)	Beneficial owner	–	7,000,000	7,000,000	0.24%
Dr. Wu Zhong (note 4)	Beneficial owner	–	10,000,000	10,000,000	0.34%

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS (continued)

Long positions in shares and underlying shares of the Company: (continued)

Notes:

(1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 2,937,396,000 shares as at 31 March 2018.

(2) This represented an aggregate of 330,000,000 shares held by Ottness Investments Limited ("OIL") and 29,800,000 shares held by Oriental Patron Financial Services Group Limited ("OPFSGL"). OIL is a wholly owned subsidiary of Oriental Patron Financial Group Limited ("OPFGL"), while 95% of the issued share capital of OPFSGL is owned by OPFGL. The issued share capital of OPFGL is beneficially owned as to 51% by Mr. Zhang Zhi Ping and 49% by Mr. Zhang Gaobo. By virtue of the SFO, each of Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo is deemed to be interested in the Shares and underlying Shares of the Company held by OIL and OPFSGL.

(3) These Shares are underlying shares comprised in the options granted to Mr. Zhang Weidong pursuant to the share option scheme of the Company adopted on 17 May 2016.

(4) These shares are underlying shares comprised in the options granted to Dr. Wu Zhong pursuant to the share option scheme of the Company adopted on 17 May 2016.

Save as disclosed above, as at 31 March 2018, none of the Directors or chief executive of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 March 2018, the Company had been notified of the following substantial shareholders' interests or short positions, being 5% or more of the Company's shares and underlying shares. These interests include those disclosed above in respect of the Directors and chief executive.

Long positions in shares and underlying shares of the Company:

		Number of ordinary shares/ underlying shares held in the Company			
Name of shareholder	**Capacity in which interests are held**	**Interests in shares**	**Interests under equity derivatives**	**Total interests**	**Total interests as to % to the issued share capital of the Company as at 31 March 2018** (note 1)
OPFGL (note 2)	Interest of controlled corporation	359,800,000	–	359,800,000	12.25%
Magopt Ltd. (note 3)	Beneficial owner	–	202,553,560	202,553,560	6.90%
Bestone Asset Management Co., Ltd (note 4)	Beneficial owner	169,720,000	–	169,720,000	5.78%
21st Century Champion Limited (note 4)	Interest of controlled corporation	169,720,000	–	169,720,000	5.78%
Ms. WANG Juan (note 4)	Interest of controlled corporation	169,720,000	–	169,720,000	5.78%
Ms. YANG Fuyi	Beneficial Owner	165,962,500	–	165,962,500	5.65%

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Long positions in shares and underlying shares of the Company: (continued)

	Number of ordinary shares/ underlying shares held in the Company				
Name of shareholder	**Capacity in which interests are held**	**Interests in shares**	**Interests under equity derivatives**	**Total interests**	**Total interests as to % to the issued share capital of the Company as at 31 March 2018** (note 1)
Grand Link Finance Limited (note 5)	Beneficial owner	166,188,000	–	166,188,000	5.66%
Mr. WANG Delian (note 5)	Interest in controlled corporation	166,188,000	–	166,188,000	5.66%
Wah Hing Global Investment Limited (note 6)	Beneficial owner	263,000,000	–	263,000,000	8.95%
Mr. He Zhiping (note 6)	Interest in controlled corporation	263,000,000	–	263,000,000	8.95%
Full House Investment Limited (note 7)	Beneficial owner	263,000,000	–	263,000,000	8.95%
Mr. Fu Jianping (note 7)	Interest in controlled corporation	263,000,000	–	263,000,000	8.95%
Caitong Funds SPC (for and on behalf of Bestone Greater China Fund SP) (note 8)	Beneficial owner	169,068,000	–	169,068,000	5.76%
FTlife Insurance Company Limited (note 9)	Beneficial owner	290,000,000	–	290,000,000	9.87%
Mr. Wu Gang (note 9)	Interest in controlled corporation	290,000,000	–	290,000,000	9.87%

Notes:

(1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 2,937,396,000 shares as at 31 March 2018.

(2) This represented an aggregate of 330,000,000 Shares held by OIL and 29,800,000 Shares held by OPFSGL. OIL is a wholly owned subsidiary of OPFGL, while 95% of the issued share capital of OPFSGL is owned by OPFGL. The issued share capital of OPFGL is beneficially owned as to 51% by Mr. Zhang Zhi Ping and 49% by Mr. Zhang Gaobo. By virtue of the SFO, each of Mr. Zhang Zhi Ping and Mr. Zhang Gaobo is deemed to be interested in the Shares and underlying Shares of the Company held by OIL and OPFSGL.

(3) This represented 202,553,560 underlying shares comprised in the unlisted warrants granted to Magopt Ltd. pursuant to the consultancy agreement approved at the extraordinary general meeting held on 30 March 2017. Mr. Liu Yu owns 80% of the issued share capital in Magopt Ltd. By virtue of the SFO, Mr. Liu Yu is deemed to be interested in the Shares held by Magopt Ltd.

(4) This represented 169,720,000 shares held by Bestone Asset Management Co., Ltd ("Bestone Asset Management"). Ms. Wang Juan ("Ms. Wang") owns 100% of the issued share capital in 21st Century Champion Limited ("21st Century Champion") while 21st Century Champion owns 100% of the issued share capital in Bestone Asset Management. By virtue of the SFO, each of Ms. Wang and 21st Century Champion is deemed to be interested in the shares held by Bestone Asset Management.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Long positions in shares and underlying shares of the Company: (continued)

Notes: (continued)

(5) This represented 166,188,000 shares held by Grand Link Finance Limited ("GLFL"). Mr. Wang Delian ("Mr. Wang") owns 100% of the issued share capital in GLFL. By virtue of the SFO, Mr. Wang is deemed to be interested in the shares held by GLFL.

(6) This represented 263,000,000 shares held by Wah Hing Global Investment Limited ("Wah Hing"). Mr. He Zhiping ("Mr. He") owns 100% of the issued share capital in Wah Hing. By virtue of the SFO, Mr. He is deemed to be interested in the shares held by Wah Hing.

(7) This represented 263,000,000 shares held by Full House Investment Limited ("Full House"). Mr. Fu Jianping ("Mr. Fu") owns 100% of the issued share capital in Full House. By virtue of the SFO, Mr. Fu is deemed to be interested in the shares held by Full House.

(8) This represented 169,068,000 shares held by Caitong Funds SPC (for and on behalf of Bestone Greater China Fund SP).

(9) This represented 290,000,000 Shares held by FTlife Insurance Company Limited ("FTlife Insurance"). FTlife Insurance is a wholly subsidiary of Tongchuangjiuding Investment Management Group Co., Ltd ("TIMGCL"). The issued share capital of TIMGCL is owned as to 46.19% by Tongchuang Jiuding Investment Holding Co., Ltd ("TJIHCL"), and Mr. Wu Gang ("Mr. Wu") owns 35% of the issued share capital in TJIHCL. By virtue of the SFO, Mr. Wu is deemed to be interested in the shares held by FTLife Insurance.

Save as disclosed above, as at 31 March 2018, the Company has not been notified by any other persons, not being a Director or chief executive of the Company, who has interests or short positions in the shares and underlying shares of the Company representing 5% or more of the Company's issued share capital.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Apart from the share option scheme disclosed in the section headed "Share Option Scheme" under Notes to the Consolidated Financial Statements, at no time during the Year was the Company, any of its subsidiaries or its associated corporations 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 corporations.

EMOLUMENT POLICY

The emoluments of the Directors of the Company are subject to review and recommendation to the Board by the Remuneration Committee and then fixed by the Board with the authorization of the shareholders at a general meeting.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this report, there is a public float of more than 25% of the issued capital of the Company.

MANAGEMENT CONTRACTS

Save as disclosed in the paragraph below the Investment Management Agreement and the section headed "Related Party Transaction" under Notes to the Consolidated Financial Statements and employment contracts, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

DIRECTORS' REPORT

ISSUE OF UNLISTED WARRANTS PURSUANT TO SPECIFIC MANDATE

On 13 January 2017, the Company has entered into a consultancy agreement ("Consultancy Agreement") with Magopt Ltd (the "Consultant") for its assistance on acquiring and capturing investment opportunities in the negotiation for achieving better investment terms and gains. The Company has agreed to conditionally issue and the Consultant has agreed to subscribe for 202,553,560 unlisted warrants at zero issue price, carrying the right to subscribe for an aggregate of 202,553,560 shares of the Company at a subscription price of HK$2.20 per share.

Please refer to the section headed "Issue of Unlisted Warrants" under Notes to the Consolidated Financial Statements. The full version of the transaction details are set out in the Company's announcements dated 13 January 2017, 1 March 2017, 13 March 2017 and 30 March 2017, and the Company's circular dated 13 March 2017.

CONNECTED TRANSACTIONS

During the Year, the Company had the following connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing his findings and conclusions in respect of the continuing connected transactions of the Group in accordance with paragraph 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to The Stock Exchange.

(a) Non-exempt continuing connected transactions

(1) Investment Management Agreement

Pursuant to the Investment Management Agreement (the "Investment Management Agreement") dated 3 March 2016, the Company has re-appointed Oriental Patron Asia Limited ("OPAL") as its investment manager to provide investment management services for a period commencing on 1 June 2016 to 31 March 2019. Pursuant to the Investment Management Agreement, the Company will pay OPAL a monthly management fee at 1.5% per annum of the NAV as at the immediately preceding Valuation Date as defined in the Investment Management Agreement on the basis of the actual number of days in arrears in the relevant calendar month over a year of 360 days and a performance fee at 10% of the increase in the NAV per share as at the Performance Fee Valuation Day as defined in the Investment Management Agreement. The aggregated management fee and performance fee payable to OPAL under the Investment Management Agreement is subject to a cap for each of the three years ending 31 March 2019. The caps of the Management Fee and Performance Fee for the Year were HK$106,000,000 and HK$28,000,000 respectively. During the Year, the Company and OPAL agreed to adjust the performance fee to zero, and the aggregated management fees paid/payable by the Company under the Investment Management Agreement to OPAL was HK$53,866,000 (2017: HK$41,158,000).

OPAL, being the investment manager of the Company, is regarded as a connected person of the Company by virtue of Rule 21.13 of the Listing Rules and also because it is an associate of OPFGL, a substantial shareholder of the Company under Chapter 14A of the Listing Rules. The Investment Management Agreement constitutes a continuing connected transaction of the Company.

(2) License Agreement

For the Year, OP Investment Service Limited ("OPISL"), a wholly owned subsidiary of the Company, entered into the New License Agreement with Oriental Patron Management Services Limited ("OPMSL") on 11 April 2017, pursuant to which OPMSL has conditionally agreed to provide the Group the premises for use for the License term from 1 April 2017 to 31 March 2020. The premises, approximately 4,755 square feet by salable area, is a portion of the whole of the 27th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong. It is used as the Company's principal place of business in Hong Kong. The New License Agreement was approved by the Shareholders at the extraordinary general meeting on 26 May 2017. During the year, the aggregated license fees paid/payable by the Company was HK$8,959,420.

OPMSL is a connected person of the Company because it is an associate of OPFGL, a substantial shareholder of the Company under Chapter 14A of the Listing Rules. The New License Agreement constitutes a continuing connected transaction of the Company.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (continued)

(b) Continuing connected transaction exempted from reporting, annual review, announcement and independent shareholders' approval requirements

Custodian Agreement

Pursuant to the Service Agreement signed between the Company and Hang Seng Bank Limited on 26 August 2015, the Company appointed Hang Seng Bank Limited as its custodian and to provide financial services, including safe custody and physical settlement of the listed securities in the investment portfolio of the Company, and the collection of dividends and other entitlements in respect of such securities. The Service Agreement would continue in force until terminated by either the Company or the custodian at any time by giving not less than 30 days' prior notice in writing to the other party. The fee paid to Hang Seng Bank in this regard during the Year was HK$300.

The custodian is regarded as a connected person of the Company by virtue of Rule 21.13 of the Listing Rules. The Custodian Agreement constitutes a fully exempt connected transaction of the Company under Chapter 14A of the Listing Rules.

(c) Connected transactions exempted from reporting, annual review, announcement and independent shareholders' approval requirements

(1) Securities Brokerage Commission

During the Year, the Company placed orders for buying shares in listed companies through its securities trading account maintained with OPSL and a brokerage commission of 0.25% was charged by OPSL for each transaction ("Transaction") proceeds. The total brokerage fee paid by the Company to OPSL for the Year amounted to HK$1,362,319.30. OPSL is a connected person of the Company because it is an associate of OPFGL, a substantial shareholder of the Company under Chapter 14A of the Listing Rules. The transactions between the Company and OPSL constituted fully exempt connected transactions of the Company under Chapter 14A of the Listing Rules.

(2) Purchase of Shares

On 9 May 2017, the Company entered into an instrument of transfer with Magic Oasis Limited ("MOL") under which the Company purchased one ordinary share of South South Financial Investment Group Limited, a corporate incorporated in BVI, in consideration of the sum of HK$99,250. MOL is connected person of the Company because it is an associate of OPFGL, a substantial shareholder of the Company under Chapter 14A of the Listing Rules. The transaction under the instrument of transfer constituted a fully exempt connected transactions of the Company under Chapter 14A of the Listing Rules.

All of the connected transactions entered by the Group above have complied with the applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules. Apart from the custodian fee paid under the Custodian Agreement, these transactions are also disclosed in the section headed "Related Party Transactions" under Notes to the Consolidated Financial Statements.

BUSINESS REVIEW

Fair review of the Company's business and likely future development

Please refer to the section headed "Investment Review" under Management Discussion and Analysis.

Principal risks and uncertainties

Please refer to the section headed "Financial Instruments" under Notes to the Consolidated Financial Statements.

Important events after the end of the financial year

Please refer to the section headed "Events after the Reporting Year"under Management Discussion and Analysis.

Environmental protection

Please refer to the section headed "Environmental Protection" under the Environmental, Social and Governance Report.

Compliance with laws and regulations

Please refer to the subsections headed "Employment and Labour Standard" and "Anti-corruption" under the Environmental, Social and Governance Report.

DIRECTORS' REPORT

BUSINESS REVIEW (continued)

Operating policies

Please refer to the section headed "Operating Practices" under the Environmental, Social and Governance Report.

Company's key relationships with its employees

Please refer to the section headed "Human Resources" under the Environmental, Social and Governance Report.

Community involvement

Please refer to the section headed "Community Involvement" under the Environmental, Social and Governance Report.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Company are set out in the section headed "Retirement Benefits Scheme" under Notes to the Consolidated Financial Statements.

AUDIT COMMITTEE

The Company established an audit committee in accordance with Rule 3.21 of the Listing Rules. Amongst other duties, the principal duties of the audit committee are to review the interim and annual results and internal control system of the Company.

The Company's audit committee comprised three independent non-executive directors, namely, Mr. KWONG Che Keung, Gordon, Prof. HE Jia and Mr. WANG Xiaojun. Mr. KWONG Che Keung, Gordon is the chairman of the Audit Committee.

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

AUDITOR

The consolidated financial statements for the Year have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

A resolution to re-appoint the retiring auditor, PricewaterhouseCoopers, will be submitted at the forthcoming annual general meeting of the Company.

On behalf of the Board
OP Financial Limited

ZHANG Zhi Ping
Chairman

Hong Kong SAR, 28 June 2018

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Company and its board (the "Board") of Directors strongly believes that strict adherence to the highest governance standards is vital to fulfilling its corporate responsibilities as a listed company. The Directors and employees all endeavor to uphold and nurture accountability, transparency, fairness and integrity in all aspects of the Group's operations. We are committed to the highest governance standards by regularly reviewing and enhancing our governance practices.

The principles set out in the Corporate Governance Code ("CG Code") in Appendix 14 to the Listing Rules have been adopted to shape our corporate governance structure. This corporate governance report ("Corporate Governance Report") describes how the principles of the CG Code were applied during the Year under different aspects.

CORPORATE GOVERNANCE CODE COMPLIANCE

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 Year, in compliance with the CG Code.

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, expertize 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.

The attendance of each Director, by name, at the board, committees' and general meetings is set out in the subsection headed "Meetings" under Corporate Governance Report.

DIRECTORS' SECURITIES TRANSACTIONS

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 Year.

Directors' and Chief Executive's interests and/or short positions in shares and underlying shares of the Company or any associated corporation are shown in the section headed "Directors' and Chief Executive's Interests and/or Short Positions in the Shares and Underlying Shares of the Company or Any Associated Corporations" under Directors' Report.

THE BOARD

Composition

The Board currently comprises nine members. Three of them are executive Directors, three of them are non-executive Directors and the remaining three members are independent non-executive Directors ("INEDs") who are either legal professional or accounting or financial experts. In accordance with Article 106 of the Company's Articles of Association, two of the non-executive Directors, namely, Mr. Chen Yuming and Dr. Fu Weigang who were appointed by the Board on 29 June 2018, will retire from office and, being eligible, offer themselves for re-election at the forthcoming annul general meeting.

The Board's constitution is governed by Article 105 of the Articles of Association of the Company (the "Articles") under which the number of Directors shall not be less than two and Rules 3.10 and 3.10A of the Listing Rules under which every board of directors of a listed issuer must include at least three independent non-executive directors, at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertize, and an issuer must appoint independent non-executive directors representing at least one-third of the board. Its composition also ensures that there is a balance of skills and experience appropriate to the requirements of the business of the Group and a balance of executive and non-executive directors (including INEDs) so that there is a strong independent element on the Board, which can effectively exercise independent judgement. There is no relationship (including financial, business, family or other material relationship) among members of the Board. The list of Directors and their biographies (including their roles and functions at the Company) are set out in the Biographical Details of Directors and Senior Management section of this Annual Report, and are available on the Company's website.

CORPORATE GOVERNANCE REPORT

THE BOARD (continued)

Board Diversity Policy

The Board adopted its Board Diversity Policy in August 2013. A summary of the policy is as follows:

Board diversity can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience appropriate to the Company's business model and specific needs. The Nomination Committee will: (i) discuss, agree and review annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption; (ii) report annually, in the Corporate Governance Report of the Company's annual report, a summary of the policy, the measurable objectives set for implementing the policy, and the progress made towards achieving those objectives; and (iii) review the policy, as appropriate, to ensure the effectiveness of the policy and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Responsibilities

The overall management of the Group's business is vested in the Board, which assumes responsibility for leadership and control of the Group and is collectively responsible for promoting success of the Group by directing and supervising its affairs. All Directors make decisions objectively in the best interests of the Group.

The Board takes the responsibility for all major matters of the Company including: the preparation of the accounts, the approval and monitoring of all policy matters, overall strategies, risk management and internal control systems, appointment and retirement of directors and other significant financial and operational matters. It will regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time to perform his duties.

The executive Directors are responsible for overseeing the day-to-day management of the Group's operations and implementation of the strategies set by the Board. The independent non-executive Directors will participate in board meetings and serve on the audit, remuneration, nomination and corporate governance committees to bring an independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments, standards of conduct and potential conflicts of interests, if any.

As the Company is an investment company, investment management services have been delegated to the investment manager, namely, Oriental Patron Asia Limited; the custodian services have been delegated to the custodian as set out in the Corporate Information section of this Annual Report. The delegated functions and performance are reviewed periodically by the Board.

Chairman and Chief Executive Officer

Mr. Zhang Zhi Ping stepped down as the Chairman of the Board and was appointed as the Honorary Chairman of the Company on 29 June 2018.

The Role of Chairman of the Board has been taken by the Chief Executive Officer Mr. Zhang Gaobo since 29 June 2018.

The Board considers that vesting the roles of both Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority. The Board believes that this structure will enable more efficient overall strategies for the Company and facilitate the implementation and execution of the Company's business plan. The Company will nevertheless review the structure from time to time in light of the prevailing circumstances.

CORPORATE GOVERNANCE REPORT

THE BOARD (continued)

Independence of Non-executive Directors

To determine the independent non-executive Directors' independence, assessments are carried out upon appointment, annually and at any time where the circumstances warrant reconsideration. Each of the INEDs is appointed for a term from their appointment until the of the next general meeting. They are also subject to retirement by rotation of at least once every 3 years in accordance with Article 113 of the Articles and the CG Code. If an INED serves more than 9 years, his further appointment will be subject to a separate resolution to be approved by shareholders of the Company ("Shareholders") in accordance with the CG Code.

The Company confirms that it has received from each of the INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the INEDs are independent in character and judgement, and fulfill the independence guidelines. Also, the three INEDs, namely, Mr. Kwong Che Keung, Gordon, Prof. He Jia and Mr. Wang Xiaojun who have been serving more than 9 years had already offered themselves for re-election and their further appointments should be approved by the Shareholders at the annual general meetings. Each of Mr. Kwong Che Keung, Gordon, Prof. He Jia and Mr. Wang Xiaojun will offer themselves for re-election at the forthcoming annual general meeting. The Board and the Nomination Committee further consider that all INEDs remain independent, notwithstanding their length of tenure. They continue to demonstrate the attributes of an INED noted above and there is no evidence that their tenure has had any impact on their independence. The Board and the Nomination Committee believe that their detailed knowledge and experience of the Group's business and their external experience continue to be of significant benefit to the Company and that they maintain an independent view of its affairs.

Continuous Professional Development

All Directors should keep abreast of their responsibilities as Directors and the Company's business and activities. The company secretary continuously updates all Directors on the latest developments regarding Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all Directors. All Directors are also encouraged to attend relevant training courses and seminars that may require keeping abreast with the latest changes in laws, regulations and the business environment.

Pursuant to Code Provision A.6.5, Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the Year, all Directors have participated in appropriate continuous professional development activities either by attending training courses or by reading materials relevant to the Company's business, corporate governance, the latest development of the industry or the Directors' duties and responsibilities. Each Director has confirmed that he has participated in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations.

During the year, the Company Secretary undertook no less than 15 hours of relevant professional training.

CORPORATE GOVERNANCE REPORT

THE BOARD (continued)

Meetings

Each Director makes every effort to contribute to the formulation of strategy, policy and decision-making by attending each meeting, whether in person or by telephonic conference, and each of them is prepared to contribute to the Group's business. All Directors are also encouraged to attend general meetings and develop a balanced understanding of the views of the Shareholders.

Besides general meetings, regular Board and committee meetings are held for reviewing, discussing, considering and approving the financial and operating performance, the overall strategies and policies of the Company.

During the Year, 4 full Board meetings, 3 Audit Committee's meetings, 1 Remuneration Committee's meetings, 1 Nomination Committee's meetings, 2 CG Committee's meetings, and 1 annual general meeting and 3 extraordinary general meetings were held. The attendance record of each Director was as follows:

	Meetings attended/held					
Name of Directors	**General** (Note)	**Regular Board** (Note)	**Audit Committee** (Note)	**Remuneration Committee** (Note)	**Nomination Committee** (Note)	**CG Committee** (Note)
Executive Directors						
Mr. Zhang Zhi Ping	3/4	3/4	–	1/1	1/1	2/2
Mr. Zhang Gaobo	4/4	4/4	–	1/1	1/1	2/2
Dr. Liu Zhiwei (resigned on 29 June 2018)	2/4	3/4	–	1/1	–	2/2
Mr. Zhang Weidong	3/4	4/4	–	–	–	–
Non-executive Director						
Dr. Wu Zhong	0/4	2/4	–	–	–	–
Mr. Chen Yuming (appointed on 29 June 2018)	–	–	–	–	–	–
Dr. Fu Weigang (appointed on 29 June 2018)	–	–	–	–	–	–
Independent non-executive Directors						
Mr. Kwong Che Keung Gordon	0/4	4/4	3/3	1/1	1/1	2/2
Prof. He Jia	2/4	4/4	3/3	1/1	1/1	2/2
Mr. Wang Xiaojun	1/4	4/4	3/3	1/1	1/1	2/2

Note: The attendance figure represents actual attendance/the number of meetings a director is entitled to attend throughout the Year.

Performance Evaluation

The executive Board conducts an evaluation of the Board's performance on an annual basis with the aim of ensuring continuous improvement in the functioning of the Board. The evaluation will focus on the Board structure, culture, decision-making processes, proceedings of meetings as well as the performance of the Board as a whole, with a view towards recommending areas for further improvement. The results of the evaluation will be presented to all Directors, including the INEDs, for review.

The executive Board has conducted an evaluation for the Year which revealed that the Board performed well with a strong composition. The Board continued to operate efficiently and was well aligned with the Group's overall objectives.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

A total of 4 Board Committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the CG Committee (collectively referred to as the "Committees") have been formed, each of which has specific roles and responsibilities delegated by the Board.

The Committees' terms of reference are reviewed and updated regularly to ensure they continue to be at the forefront of best practice, and they are available on the Company's website. Each Committee's membership is also reviewed by the Board annually. The member lists of the Committees are set out below in this Corporate Governance Report.

Audit Committee

The Audit Committee comprises three INEDs, namely, Mr. Kwong Che Keung, Gordon, Prof. HE Jia and Mr. Wang Xiaojun. Mr. Kwong Che Keung, Gordon is the chairman of the Audit Committee.

The major role and function of the Audit Committee are to review the interim and annual results and risk management and internal control systems of the Company and perform other duties under the CG Code. More details of its duties are set out in its terms of reference.

During the Year, the Audit Committee has performed the following duties:

- made recommendations to the Board on the reappointment of the external auditor, the remuneration and terms of engagement of the external auditor;

- reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

- discussed with the external auditor the nature and scope of the audit and reporting obligations;

- made recommendations on the engagement of the external auditor to supply non-audit services;

- monitored integrity of the Company's financial statements, annual report and interim report and reviewed significant financial reporting judgements contained in them;

- held two meetings with the external auditors;

- held one meeting with the internal auditors;

- reviewed and discussed the risk management and internal control systems with the management to ensure that management has performed its duty to have effective systems;

- reviewed and discussed the adequacy of resources, staff qualification and experience of the Company's accounting and financial reporting function.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (continued)

Remuneration Committee

The Remuneration Committee comprises three INEDs, namely, Mr. Wang Xiaojun, Prof. He Jia and Mr. Kwong Che Keung, Gordon. Mr. Wang Xiaojun is the chairman of the Remuneration Committee.

The major role and function of the Remuneration Committee are to review and provide recommendations on the policy for the remuneration of all Directors and senior management. It will make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. More details of its duties are set out in its terms of reference.

During the Year, the Remuneration Committee has performed the following duties:

- made recommendations to the Board on the remuneration packages of individual executive Directors and Senior Management for the Year;
- reviewed the Company's existing remuneration policy.

The remuneration of the members of the senior management by band for the Year is set out in the section headed "Directors' and Senior Management's Employments" under Notes to the Consolidated Financial Statements.

Nomination Committee

Following the resignation of Mr. Zhang Zhi Ping from his post as the chairman of the Nomination Committee on 29 June 2018, the Nomination Committee currently comprises one executive Director, Mr. Zhang Gaobo and three INEDs, namely, Mr. Kwong Che Keung, Gordon, Prof. He Jia and Mr. Wang Xiaojun. Mr. Zhang Gaobo is currently the chairman of the Nomination Committee.

The major role and function of the Nomination Committee are to review and provide recommendations on the policy for the nomination of directors. More details of its duties are set out in its terms of reference.

The Nomination Committee has also reviewed the structure, size and composition of the Board, assessed the independence of INEDs and made recommendations on the re-appointment of retiring Directors to the Board. All re-appointments were approved by the Shareholders at the AGM held on 24 August 2017.

Corporate Governance Committee

Following the resignation of Dr. Liu Zhiwei from his post as a member of the Corporate Governance Committee on 29 June 2018, the Corporate Governance Committee currently comprises two executive Directors, namely, Mr. Zhang Zhiping and Mr. Zhang Gaobo, and three INEDs, namely, Mr. Kwong Che Keung, Gordon, Prof. He Jia and Mr. Wang Xiaojun. Prof. He Jia is the chairman of the Corporate Governance Committee.

The major role and function of the Corporate Governance Committee are to review and provide recommendations on the policy for the corporate governance of the Company. More details of its duties are set out in its terms of reference.

During the Year, the Corporate Governance Committee has reviewed the Company's policy and practices on corporate governance, training and continuous professional development of directors and senior management, compliance with the Corporate Governance Code and relevant disclosure in the annual report for the year ended 31 March 2017 and the interim report for the period from 1 April 2017 to 30 September 2017. Save as otherwise provided in the section headed "Corporate Governance Code Compliance", the Corporate Governance Committee concluded that the Company has complied with the Corporate Governance Code and all Directors have fully complied with the Model Code during the Year. The disclosure in this Corporate Governance Report has also been reviewed by the Corporate Governance Committee.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Group's accounts for each financial period and to ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the consolidated financial statements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

AUDITOR'S REMUNERATION

The Audit Committee reviews each year with the external auditors, PricewaterhouseCoopers, of the Group with regard to their independence, their appointment, the scope of their audit, their fees, and the scope and appropriate fees for any non-audit services provided by them.

During the Year, the fees paid to the Group's external auditors in respect of audit services and non-audit services amounted to HK$1,175,000 (2017: HK$1,105,000) and HK$365,000 (2017: HK$345,000) respectively. It should be noted that the non-audit services e.g. review of interim financial statements, results announcements and continuing connected transactions of the Group, provided by the external auditors during the Year were incidental to their audit services.

The statement of the external auditors of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report".

COMPANY SECRETARY

The Company Secretary, Zhou Tao David, is responsible for facilitating the Board process, as well as communication among the Board members, with the Shareholders and management of the Company.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meeting

Pursuant to Article 79 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of:

- any two or more members of the Company; or

- any one member of the Company which is a recognized clearing house (or its nominee)

deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than 25% of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS (continued)

Convening of Extraordinary General Meeting (continued)

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Pursuant to Article 80(a) of the Articles, subject to section 578 of the Companies Ordinance, an annual general meeting shall be called by notice in writing of at least 21 clear days (or such longer period as may be required by the Listing Rules), and a general meeting other than an annual general meeting shall be called by notice in writing of at least 14 clear days (or such longer period as may be required by the Listing Rules), which notice shall be given in the manner prescribed by these Articles to all members, to the Directors and to the Auditors. Notice of a general meeting shall be given to such persons as are, under these Articles, entitled to receive such notices from the Company. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered at the meeting and in the case of special business (as defined in Article 82) the general nature of that business. The notice convening an annual general meeting shall specify the meaning as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution.

Further details of the procedures for shareholders to convene general meetings and put forward proposals at a general meeting are set out in the Company's Articles which is available on the Company's website.

Shareholder Communication Policy

The Board is accountable to the Shareholders for the Company's performance and activities. It recognizes the importance of promoting mutual understanding between the Company and the Shareholders through ongoing engagement and communication.

The Company also maintains an ongoing dialog with the Shareholders, for example, through annual general meeting or other general meetings to communicate with them and encourage their participation. The Board always ensures that the Shareholders' and other stakeholders' views are heard and welcomes their questions and concerns relating to the Group's management and governance. The Shareholders and other stakeholders may at any time send their enquiries and concerns to the Company by addressing them to the Company Secretary or the Investor Relations Officer by post or email at ir@oriental-patron.com.hk. The contact details of the Investor Relations Officer are set out in the Company's website.

Details of the Company's "Shareholder Communication Policy" are available on the Company's website.

INVESTOR RELATIONS

Change of Company Name and Constitutional Documents

The English name of the Company has been changed from "OP Financial Investments Limited" to "OP Financial Limited" and the Chinese name "東英金融有限公司" has been adopted for identification purpose only in place of its existing Chinese name "東英金融投資有限公司" with effect from 26 March 2018. There was no other change in the constitutional documents during the Year.

General Meetings

A general meeting is an important forum where communications with the Shareholders can be effectively conducted. During the Year, an AGM and three EGMs were held at the principal place of business of the Company on 24 August 2017, 26 May 2017, 15 December 2017 and 22 March 2018 respectively. All resolutions proposed at the AGM and EGMs were duly passed. Details of the poll results were posted on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group is committed to set up and maintain an effective risk management and internal control systems which is devised to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage and minimize rather than eliminate the risks of failure in the Group's operational systems.

The Board is responsible for maintaining a sound and effective risk management and internal control systems particularly in respect of the controls on financial, operational, compliance and risk management, to achieve the Group's business strategies and business operations and safeguard the Shareholders' investment and the Company's assets.

During the Year, the outsourced internal auditor, Regent Corporate Risk Advisory Limited, was responsible for the review and appraisal on the effectiveness of risk management and internal control system. The objective of this internal audit services was to assist the Audit Committee and the Board of Directors in carrying out their responsibilities in accordance with Code Section C.2 of the Corporate Governance Code ("Code" – Appendix 14 Main Board Listing Rules) to conduct a review of the effectiveness of the Company's risk management and internal control systems and to report the findings in the Corporate Governance Report. Such review covers all material controls, including financial, operational and compliance controls and risk management functions. The internal auditor's report concluded that effective internal controls were in place and the Company's manage conducted proper risk assessment and management.

The Audit Committee considered that there was no material defect in the Company's risk management and internal control system. After discussion with the Audit Committee, the Board was of the view that the existing risk management and internal control systems are effective and adequate to the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

OP Financial Limited ("the Company") is pleased to launch the Environmental, Social and Governance ("ESG") Report for the year ended 31 March 2018 (the "Year") to demonstrate its commitment and effort in sustainable development. The report has outlined our policies and practices of the ESG performance during the Year, with reference to the ESG Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for disclosures.

The Company is accountable for the sustainable development in respect of environmental and social responsibilities while balancing its financial performance. An ESG taskforce is designated to handle the related issues and assess the aspects in relation to the Company and its stakeholders. Disclosures relating to the ESG issues have been included in the ESG Report with reference to the ESG Guide. Key performance indicators A2.5 regarding the packaging material used is not reported as that is not applicable to our investment business.

The Company believes that the better understanding of the stakeholders' expectation will help gain their support and trust. The Company used a variety of communication channels to engage stakeholders on a regular basis. A questionnaire survey was conducted before preparing the report to collect shareholders' concern on ESG aspects. The Company hopes to use the report as one of the effective communication channels and looks forward to getting the related opinion and feedback.

1. ENVIRONMENTAL PROTECTION

Environmental protection has played a major role in sustainable development. We believe that business growth should not come at the expense of the environment. Initiatives are taken to reduce its environmental impact wherever possible as well as to promote employees' awareness in environmental protection.

1.1 Emissions

Due to our business nature, the daily operation mainly generates indirect greenhouse gas ("GHG") emission, limiting to business travel, electricity, water, and paper consumptions in our office setting. The Company considers the emission reduction as long-term objective. To better manage the internal control and understand the emission caused, we have started collect and measure the consumption data in the operation from this Year. GHG data is an important indicator of environmental performance, while the major constituent is indirect GHG emission generated from the flight travel. The Company will continue to monitor the relevant data and set the plan for carbon reduction.

During the Year, the Company did not identify any non-compliance related to GHG emissions.

	Units	**2018**
Total Greenhouse gas emission (Scope 1, 2 & 3)	CO_2e tonnes	142.28
Scope 1 (Direct emissions)	CO_2e tonnes	13.85
Scope 2 (Energy indirect emissions)	CO_2e tonnes	28.92
Scope 3 (Other indirect emissions) (Flight travel only)	CO_2e tonnes	99.51
Nitrogen Oxide (NOx)	kg	2.30
Sulphur Oxide (SOx)	kg	0.07
Particulate Matter (PM)	kg	0.17

Note: Emission factors are reference to Hong Kong Electric, Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose) in Hong Kong and UK Government GHG Conversion Factors for Company Reporting

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ENVIRONMENTAL PROTECTION (continued)

1.2 Use of Resources

Due to our business nature, the Company does not have any direct or significant impacts on the environment and natural resources. The Company adopts "reduce, reuse and recycle" principle and practice, particularly in paper usage. Recycling facilities are set up in the office area where staffs can easily access to encourage recycling. We continue promoting the paperless office and encourage e-communication via the internet and other electronic channels in daily operation to reduce the use of paper.

Environmental initiatives and energy conservation are taken into consideration during the office refurbishments. Lightings with the individual switch are installed. LED lighting is gradually changing throughout the office area. Electrical products with energy labels are firstly considered when replacement is required. To reduce water consumption, automatic sensor taps are installed in the washroom. Signage is put up in the washroom and pantry to remind water saving.

Wastes produced during our daily operation are primarily general waste and are collected and disposed of by a professional cleaning company, while the hazard waste such as the fluorescent lamp is handled by the property management office of the building. During the Year, office general waste record is tracked and throughout the year 1.61 tonnes of waste is generated.

	Units	**2018**
Electricity consumption	kWh	36,609.29
Water consumption	m^3	4.71
Fuel use for company vehicles	litres	5,205.16

1.3 Green Office and Eco-healthy Work Place

Environmental protection cannot be achieved without the support and cooperation from staff. The Company has participated in the Green Office Awards Labelling Scheme (GOALS) organized by World Green Organization ("WGO") since 2016 to evaluate our environmental footprint, as well as identify and apply reduction opportunities. The applicant should fulfill the required Green Office Best Practice Criteria ranging from energy savings, water savings, and paper savings to green procurement, education and awareness. After audit assessment and on-site inspection, the Company has been awarded with WGO's "Green Office" label for the two consecutive years during the Year to recognize our efforts to execute green practices and commitment to achieve sustainable development. We invited all staffs to participate and comply with the green practices and guidance. To help our staff to gain knowledge and skills on environmental protection and sustainability, seminars and trainings relating to environmental, social and governance are signed up.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. HUMAN RESOURCES

2.1 Employment and labor standard

Employees are the Company valuable assets. The Company strictly complies with the employment ordinance of Hong Kong and adopts equal employment opportunity policies and treats all our employees equally. Unfair treatment caused by factors such as race, gender, religious belief, social origin or identity, nationality, age, physical condition and marital status is prohibited. Child labor is forbidden in our Company. Identity and other relevant documents are checked during the interview. An Employee's Handbook is issued to all staff on their first day of work regarding workplace expectations, which covers the Company's policies, employment guidelines, and compensation matters. Competitive remuneration package is offered to employees and their performance is reviewed on an annual basis reflecting each employee's contributions to the Company.

The Company is committed to being a family-friendly employer. We implement a number of policies and activities to help employees realize work and life balance and increase the sense of belonging, including five working days per week, superior to statutory leave arrangement, breastfeeding encouragement and annual dinner for all employees and their family members etc.

As at 31 March 2018, the Company employed 46 full-time employees which are all located in Hong Kong. The following table illustrates the breakdown of our full-time employees during the Year.

By gender	No.	By age	No.	By employee category	No.
Male	32	20-35	21	Senior management	10
Female	14	35-50	10	Middle management	11
		>50	15	General staff	25

During the Year, there was no reported case of relevant to the employment laws and regulations.

2.2 Health and Safety

The Company takes the responsibility to provide a safe, healthy and comfortable workplace for all staffs and value their physical and mental healthiness. During the Year, the Company has collected prefixed thoughts and health habits from staff, and shared the healthy lifestyle with them. Physical and mental health issues are discussed in our internal newsletter to draw awareness. Comprehensive medical insurance is offered to all our full-time employees, which cover out-patient clinical visits, dental services, as well as hospitalization and surgical treatment. For staff that required a business trip, travel insurance is also purchased for extra protection. During the Year, there was no non-conformity regarding health. Safety has been identified and there was no work injury cases.

2.3 Development and Training

To comply with the changing market and the latest trend, we ensure our staff to receive professional and skill training based on job duties. To encourage continues education and enhance professional capability, sponsorship is made by the Company for external training and professional examinations. Staff is also granted paid leave for exam preparation and attendance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. OPERATING PRACTICES

3.1 Supply Chain Management

We rely on vendor and service provider to support our daily operations. The Company provides a transparent and fair process to all suppliers in our general procurement. The Company selects supplier not limited based on quotation, but also consider product quality, service quality, reliability and corporate reputation.

3.2 Investment Project

In managing our investment portfolio, we consider whether the management of the investee is acting in an environmentally, socially and ethically manner. Investment projects are assessed based not only on their returns but also their ways of doing things in respect of environmental, social and business conduct.

3.3 Anti-corruption

The Company adheres to operate the high standard of corporate governance. We have zero tolerance for corruption and bribery in any form. The anti-corruption policies and procedures outline the unacceptable behavior and are applicable to laws, regulations and industry standards. In order to minimize the non-compliance risk, the Company established corruption risk management policy and the "Policy on Acceptance of Advantage and Handling of Conflict of Interests". All staffs are required to sign the declaration form to avoid conflict of interest on the first day of employment. The established whistle-blowing policy enables stakeholder to report on any suspected inappropriate situations. Reported cases are investigated and followed up by the compliance or internal audit teams. Confirmed cases are reported to the Audit Committee and Management of the Company.

During the Year, there were no confirmed risks relating to corruption or public legal cases brought against the Company or its directors.

4. COMMUNITY INVOLVEMENT

The Company seeks to fulfill corporate social responsibility through involving both directly and indirectly in the community and extending our reach to the people in need via cooperating with NGO and social enterprise. The Company realizes the importance of extending our reach to the community, and we are pledged to continue with our consistent efforts in community involvement.

- Six Industries Research Institute of Fudan University

  We jointly cooperate with Shanghai Fudan University and the Finance Center for South-South Cooperation to support the establishment of the Six Industries Research Institute of Fudan University (復旦大學六次產業研究院). RMB1.5 million is devoted during the Year. The Six Industries Research Institute aims to assist Fudan University to promote the development of applied economics and management science, and on this basis, to promote the innovative projects of national food safety, healthy endowment, and Six Industries based poverty alleviation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. COMMUNITY INVOLVEMENT (continued)

- Support for South-South Cooperation

  Our executive directors Mr Zhang Zhi Ping and Mr Zhang Gaobo have taken up the role to serve as the Executive President and Vice President of the Finance Centre for South-South Cooperation Limited (FCSSC) a non-profit international organization in Special Consultative Status with ECOSOC of the United Nations, established for the promotion of South South Cooperation since April 2014. It is an integral platform set under the United Nation's Sustainable Development Agenda framework, specializing in providing production capacity cooperation, development experience exchange and financial services for South-South Cooperation.

  During the Year, OP Financial, EBS International and FCSSC jointly established the OBOR Fund. The fund aims to explore M&A opportunities in line with United Nation's Sustainable Development Goals and the Belt and Road Initiative for Chinese enterprises. The target industries include clean energy, renewable energy, scientific and technological innovation, culture and sports, health care, agriculture and other industries that can continuously create jobs.

- Dress Casual Day by The Community Chest

  The Company invited the staff to participate in the Dress Casual Day 2017 organized by The Community Chest of Hong Kong to raise money for those in need. The Company donated HK$5,000 for the event to partially support members social welfare agencies.

- Lai See Packets Reuse & Recycling Programme by Greeners Action

  The Company continues the support to Greeners Action's "Lai See Packet Reuse & Recycling Program", the organizer Greeners Action is a charity and environmental protection group in Hong Kong. Theme recycle box was placed in the office area to encourage colleagues to recycle the Lai See packet or place to nearby public collection points to support this environmental protection event. A total number of 1,420 Lai See packets were collected and sent to the organizer after the collecting period ended.

5. CONCLUSION

The Company is committed to continue the exploration and enhancement of sustainable development and to track the ESG performance and progress on a regular basis. Valuable feedback enables us to improve our performance. For any comment regarding this ESG report, please feel free to contact us by email to ir@opfin.com.hk.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of OP Financial Limited (formerly known as OP Financial Investments Limited)
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of OP Financial Limited (formerly known as OP Financial Investments Limited) (the "Company") and its subsidiaries (the "Group") set out on pages 44 to 113, which comprise:

- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of financial position as at 31 March 2018;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Valuation of level 3 financial instruments
- Impairment assessment of debt investments classified as loans and receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of level 3 financial instruments	
The disclosure of the fair valuation of the above level 3 financial instruments are detailed in note 5 to the consolidated financial statements. The Group has invested in unlisted financial instruments at fair value through profit or loss and available-for-sale financial assets with fair values of HK$865.1 million and HK$338.7 million respectively, in aggregate representing 21.52% of the net assets value of the Group as at 31 March 2018. These unlisted financial instruments were valued with inputs that are not based on observable market data and were classified as level 3 financial instruments at 31 March 2018. The Group considered the amount of level 3 financial instruments is material to the consolidated financial statements of the Group as at 31 March 2018. We focused on this area because there is significant judgment exercised by management involved in identifying the appropriate valuation models and to determine appropriate inputs to establish the fair value of these level 3 financial instruments. Management used different valuation models in determining the fair value of each level 3 financial instrument. As part of the valuation process, management had appointed an independent external valuer to estimate the fair value of two level 3 financial instruments and the fair value of such amounted to HK$179.0 million, representing 3.20% of the net asset value of the Group as at 31 March 2018.	Our major procedures in relation to management's valuation of the level 3 financial instruments were as follows: • We obtained an understanding of management's processes which are used in determining the fair valuation of the unlisted financial instruments. This includes discussing the processes with management and reviewing the valuation governance structure and protocols around management oversight of the valuation process. • We assessed and evaluated the different valuation methodologies used by the Group to estimate the fair value of each level 3 financial instrument as at 31 March 2018. • We assessed the key assumptions used by management in the different valuation models by reviewing the contract terms of each level 3 financial instrument and assessed the underlying businesses of each investee. • We reviewed the contractual agreements and the calculation made by management and obtained the investment confirmation to verify the existence and accuracy of the Group's ownership share of each level 3 financial instrument. We performed the following procedures on certain level 3 financial instruments for which valuation reports were issued by the independent external valuer: • We evaluated the independent external valuer's competence, capabilities and objectivity.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of level 3 financial instruments (continued)	
In light of the unquoted and illiquid nature of these level 3 financial instruments, the assessment of fair value was subjective and required a number of significant and critical judgements to be made by management. The fair value of each of these unlisted investments were based on the available information and do not necessarily represent amounts which might ultimately be realized. The fair value of these level 3 financial instruments are subject to change depending on future circumstances and cannot be accurately determined until each of them is disposed. There is a risk that inaccurate judgements made in the assessment of fair value, in particular in respect of earnings multiples, the application of liquidity discounts, credit discounts, calculation of discount rates, the estimation of future maintainable earnings and use of recent transaction prices, could lead to an incorrect valuation of the unlisted financial instruments. In turn, this could materially misstate the amounts at which these financial instruments are carried in the consolidated statement of financial position, the net change in unrealized gains/losses on these financial instruments in the consolidated statement of profit or loss and other comprehensive income, and the net asset value per share.	• We assessed the valuation methodologies used by the independent external valuer in estimating the fair value. • We checked the accuracy and relevance of the input data on a sample basis. We also performed the following procedures on key assumptions used by management and/or external valuer in the calculation of fair value: • We evaluated the liquidity discounts, credit discounts and earnings multiples used, and obtained the rationale and supporting evidence for adjustments made. • We assessed the reasonableness and accuracy of discount rates. • We assessed and evaluated the assumptions made to calculate future maintainable earnings and corroborated the assumptions to supporting documentation. Based on the procedures we performed, the valuation process of the level 3 financial instruments is considered as not unreasonable. The fair value measurement and management's conclusion on valuation are supported by available evidence.
Impairment assessment of debt investments classified as loans and receivables	
The disclosures about the impairment assessment of debt investments classified as loans and receivables are detailed in note 19 to the consolidated financial statements. As at 31 March 2018, the Group held certain debt investments classified as loans and receivables of HK$1,456.0 million, in aggregate representing 26.02% of the net assets value of the Group as at 31 March 2018. The debt investments classified as loans and receivables are carried at amortised cost and subject to impairment assessment, which involves significant judgement. For the year ended 31 March 2018, management have concluded that there were no impairment indicators for these debt investments classified as loans and receivables and therefore no impairment allowances were required.	Our major procedures in relation to management's impairment assessment of debt investments classified as loans and receivables included: • Assessing the debtors' repayment capability, taking into consideration post-lending credit monitoring reports, debtors' financial information, collateral and guarantor valuation reports and other available information. • Evaluating management's judgment over the occurrence of impairment events against the evidence available; and • Validating samples of key inputs used in the credit monitoring reports by checking to the underlying source documents obtained by management and also other external evidence independently gathered by us.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of debt investments classified as loans and receivables (continued)	
In assessing the impairment indicators on debt investments classified as loans and receivables, management established criteria to determine when an impairment event has occurred.	Based on the procedures we performed, management's conclusion on impairment assessment are supported by available evidence.
We focused on this area due to the significance of the balance of the debt investments classified as loans and receivables and significant management judgement inherent in the identification of impairment events.	

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng, Wai Ying.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Turnover	6	**430,744**	428,550
Revenue	6	**125,437**	101,607
Other income	7	**12,558**	2,216
Net change in unrealized gain/(loss) on financial assets at fair value through profit or loss	18		
– Classified as held for trading		**(42,105)**	(58,596)
– Designated as such upon initial recognition		**82,472**	21,421
		40,367	(37,175)
Net change in unrealized gain/(loss) on financial liabilities at fair value through profit or loss	24	**37,861**	(25,353)
Net realized gain on disposal of investments		**49,113**	125,741
Loss on disposal of a subsidiary	35	**(483)**	–
Impairment loss on available-for-sale financial assets	17	**(3,353)**	(49,927)
Equity-settled share-based payments	27	**(7,116)**	(10,061)
Operating and administrative expenses	11	**(165,417)**	(90,970)
Profit from operations		**88,967**	16,078
Finance costs	9	**(3,126)**	–
Share of results of investment accounted for using equity method	16	**50,421**	187,288
Impairment loss on investment in an associate		**–**	(2,096)
Profit before tax		**136,262**	201,270
Taxation	10	**7,158**	(13,210)
Profit for the Year	11	**143,420**	188,060
Other comprehensive income			
Items that may be reclassified to profits or loss			
Available-for-sale financial assets:			
Fair value changes		**48,903**	(32,571)
Impairment loss	17	**3,353**	49,927
Balance transferred to profit or loss upon disposal		**(161)**	–
Share of other comprehensive income of investments accounted for using equity method			
Share of other comprehensive income of an investment accounted for using equity method		**186**	–
Surplus reserve		**9**	–
Exchange differences		**440**	(296)
Net other comprehensive income for the Year		**52,730**	17,060
Total comprehensive income for the Year		**196,150**	205,120
Earnings per share			
Basic	13(a)	**6.77 cents**	10.15 cents
Diluted	13(b)	**6.72 cents**	10.12 cents
Proposed final dividend per share	12	**4 cents**	4 cents

The notes on pages 49 to 113 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Fixed assets	15	**594**	294
Deferred tax assets	25	**3,133**	–
Investments accounted for using equity method	16	**1,015,689**	644,123
Available-for-sale financial assets	17	**346,804**	322,039
Financial assets at fair value through profit or loss	18	**352,422**	239,912
		1,718,642	1,206,368
Current assets			
Financial assets at fair value through profit or loss	18	**1,082,874**	35,258
Debt investments	19	**1,456,000**	–
Accounts and loans receivable	20	**83,237**	3,970
Prepaid tax		**12,837**	–
Interest receivables		**14,133**	2,543
Prepayments and other receivables		**10,446**	1,199
Bank and cash balances		**1,771,671**	1,786,810
		4,431,198	1,829,780
TOTAL ASSETS		**6,149,840**	3,036,148
Capital and reserves			
Share capital	26	**293,740**	189,740
Reserves		**5,301,118**	2,724,760
TOTAL EQUITY		**5,594,858**	2,914,500
Current liabilities			
Accounts payable	21	**69,353**	63,210
Other payables		**14,694**	5,197
Deposit received	22	**240,000**	–
Loan payable	23	**127,975**	–
Financial liabilities at fair value through profit or loss	24	**58,310**	–
Tax payable		**14,678**	27,888
		525,010	96,295
Non-current liabilities			
Financial liabilities at fair value through profit or loss	24	**29,972**	25,353
TOTAL LIABILITIES		**554,982**	121,648
TOTAL EQUITY AND LIABILITIES		**6,149,840**	3,036,148
NET ASSETS		**5,594,858**	2,914,500
Net asset value per share	28	**HK$1.90**	HK$1.54

The notes on pages 49 to 113 form an integral part of these consolidated financial statements.

Approved by the Board of Directors on 28 June 2018.

ZHANG Zhi Ping
Director

ZHANG Gaobo
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

			Reserves						
	Note	**Share capital** HK$'000	**Share Premium** HK$'000 (note 26)	**Share-based payment reserve** HK$'000 (note 27)	**Investment revaluation reserve** HK$'000 (note 34)	**Surplus reserve** HK$'000	**Exchange reserve** HK$'000	**Retained profits** HK$'000	**Total** HK$'000
At 1 April 2016		184,140	2,198,560	16,020	1,031	–	(307)	238,899	2,638,343
Vesting of share options	27	–	–	10,061	–	–	–	–	10,061
Placement of shares	26	5,600	101,411	–	–	–	–	–	107,011
Total comprehensive income for the Year		–	–	–	17,356	–	(296)	188,060	205,120
Dividend paid	12	–	–	–	–	–	–	(46,035)	(46,035)
At 31 March 2017 and 1 April 2017		189,740	2,299,971	26,081	18,387	–	(603)	380,924	2,914,500
Vesting of share options	27	–	–	7,116	–	–	–	–	7,116
Placing of shares	26	104,000	2,448,599	–	–	–	–	–	2,552,599
Share of reserve movements of associate		–	–	(1,273)	–	–	(29)	1,591	289
Exchange difference arising from translation of foreign operations		–	–	–	–	–	100	–	100
Total comprehensive income for the Year		–	–	–	52,281	9	440	143,420	196,150
Dividend paid	12	–	–	–	–		–	(75,896)	(75,896)
At 31 March 2018		**293,740**	**4,748,570**	**31,924**	**70,668**	**9**	**(92)**	**450,039**	**5,594,858**

The notes on pages 49 to 113 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		136,262	201,270
Adjustments for:			
Dividend income		(7,077)	(765)
Interest income		(91,020)	(34,918)
Interest expenses		3,126	–
Exchange differences		(3,758)	–
Depreciation		138	107
Realized gain on disposal of available-for-sale financial assets		(4,032)	–
Realized gain on disposal of financial assets at fair value through profit or loss		(45,081)	(125,741)
Realized loss on disposal of a subsidiary		483	–
Net change in unrealized gain on financial liabilities at fair value through profit or loss		(37,861)	–
Net change in unrealized (gain)/loss on financial assets at fair value through profit or loss		(40,367)	37,175
Impairment loss on available-for-sale financial assets and investments accounted for using equity method		3,353	52,023
Share of results of investments accounted for using equity method		(50,421)	(187,288)
Equity-settled share-based payments		7,116	10,061
Operating cash flows before working capital changes		(129,139)	(48,076)
Increase in accounts and loans receivable		(73,619)	(65)
Increase in prepayments and other receivables		(9,247)	(282)
Increase in accounts payable		–	63,210
Increase in other payables		9,508	506
Increase in financial liabilities at fair value through profit or loss		10,790	25,353
		(191,707)	40,646
Tax paid		(22,022)	–
Net cash (used in)/generated from operating activities		(213,729)	40,646
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds on disposal of listed securities		272,219	324,820
Proceeds on settlement of debt investments		822,935	497,717
Distribution from financial asset at fair value through profit or loss		2,557	–
Proceeds from disposal of available-for-sale financial assets		27,993	–
Net redemption of unlisted investment funds		2,538	1,358
Proceeds from share repurchase by an associate		1,264	–
Net cash outflow from disposal of a subsidiary		(671)	–
Subscription of debt investments		(2,270,935)	–
Purchase of financial assets at fair value through profit of loss		(1,359,992)	(726,970)
Purchase of available-for-sale financial assets		–	(161,888)
Acquire equity interests of associates		(363,850)	–
Deposits received		240,000	–
Proceeds from financial participation arrangement		90,000	–
Dividend received		56,897	46,729
Interest received		79,430	33,179
Purchase of fixed assets		(438)	(305)
Net cash (used in)/generated from investing activities		(2,400,053)	14,640

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from placement of shares		2,552,599	107,011
Proceeds from loan payable	38	125,066	–
Dividend paid	38	(75,896)	(46,035)
Interest paid	38	(3,126)	–
Net cash generated from financing activities		2,598,643	60,976
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(15,139)	116,262
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,786,810	1,670,548
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		1,771,671	1,786,810
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		1,771,671	1,786,810

For major non-cash transactions, please refer to note 30.

The notes on pages 49 to 113 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL INFORMATION

OP Financial Limited (formerly known as OP Financial Investments Limited) (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is P.O. Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. The address of its principal place of business is 27th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong. The Company's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries and associates are set out in notes 35 and 16 respectively.

These consolidated financial statements are presented in thousands of Hong Kong dollars ("HKD'000"), unless otherwise stated.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) New standards and amendments to standards adopted by the Group

In the Year, the Company and its subsidiaries (the "Group") has adopted all the relevant new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are currently in issue and effective for its accounting year beginning on 1 April 2017. HKFRSs comprise all applicable individual Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS"), and interpretations. The following new and revised HKFRSs are relevant to the operations of the Group. The adoption of these new and revised HKFRSs had no material impact on the Group's results and financial position for the current or prior years, and did not result in any significant changes in the accounting policies of the Group.

The following amendment to standards have been adopted by the Group for the first time for the financial period commencing 1 April 2017.

- *Accounting for acquisitions of interests in joint operations – Amendments to HKFRS 11 Joint Arrangements*
- *Clarification of acceptable methods of depreciation and amortisation – Amendments to HKAS 16 Property, Plant and Equipment and HKAS 38 Intangible Assets*
- Annual improvements to HKFRSs 2012–2014 *cycle*, and
- *Disclosure initiative – amendments to HKAS 1 Presentation of Financial Statement*

The adoption of these amendments did not have any impact on the current year or any prior year and is not likely to affect future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(b) New standards, amendments and interpretations have been issued but not yet effective for the Year 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 financial assets held by the Group include:

- equity instruments currently classified as available-for-sale ("AFS") for which a fair value through other comprehensive income ("FVOCI") election is available;

- equity investments currently measured at fair value through profit or loss ("FVPL") which would likely continue to be measured on the same basis under HKFRS 9; and

- debt investments currently classified as loans and receivable and carried at amortized cost.

The adoption of HKFRS 9 is expected to result in certain differences in the classification of financial assets when compared to the classification under HKAS 39. The most significant changes include approximately HK$346,804,000 of available-for-sale financial assets to be reclassified to financial assets at fair value through profit or loss, and approximately HK$70,668,000 investment revaluation reserves to be transferred to retained profits.

Other than this, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. While the Group is yet to undertake a detailed assessment, it would appear that the Group's current hedge relationships would qualify as continuing hedges upon the adoption of HKFRS 9. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

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 amortized 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 Group is currently still assessing the full impact.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(b) New standards, amendments and interpretations have been issued but not yet effective for the Year and have not been early adopted (continued)

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 recognized 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.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following area that is likely to be affected:

- accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognized as an asset under HKFRS 15.

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 upon adoption.

HKFRS 16, 'Leases'

HKFRS 16 will result in almost all leases being recognized 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 recognized. 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. As at the reporting date, the Group has non-cancellable operating lease commitments as shown in note 31. However, 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments and derivatives which are carried at their fair values.

The consolidated financial statements are prepared in accordance with the applicable requirements of the Hong Kong Companies Ordinance (Cap. 622) for this financial year and the comparative period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4 to the consolidated financial statements.

The significant accounting policies applied in the preparation of the consolidated financial statements are set out below.

(a) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(ii) Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the fair value of non-controlling interest and the acquisition-date fair value of any previous equity interest in the acquiree over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation (continued)

(iii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(v) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associate's post-acquisition profit or loss is recognized in profit or loss, and its share of the post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognized.

The gain or loss on disposal of an associate represents the difference between the proceeds of the sale and the Group's share of its carrying amount together with any remaining goodwill relating to the associate and also any related accumulated foreign currency translation reserve.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of results of associates' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognized in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation (continued)

(v) Associates (continued)

Dilution gains and losses arising in investments in associates are recognized in profit or loss.

In the Company's statement of financial position the investments in associates are stated at cost less impairment. The results of associates are accounted for by the Company on the basis of dividends received and receivable.

(vi) Joint arrangements

Under HKFRS 11 "Joint arrangements" investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangement and determined its joint arrangement to be joint venture. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board that makes strategic decisions.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign currency translation (continued)

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gains or losses. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the Group's presentation currency are translated into the Group's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

- All resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of fixed assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of fixed assets is calculated at rates sufficient to allocate cost over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Motor vehicle	$33^1/_3$%
Computer equipment	25%
Office equipment	25%
Furniture	25%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals of fixed assets are the difference between the net sales proceeds and the carrying amount of the relevant assets, and are recognized in profit or loss.

(e) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. The directors determine the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either financial assets held for trading or designated in this category upon initial recognition. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'accounts and loans receivable', 'interest receivables', 'prepayments and other receivables' and 'bank and cash balances' in the consolidated statement of financial position.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. The Group's debt investments are all expected to be settled within 12 months after the end of the reporting period, so they are included in current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives financial instruments that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and debt investments are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in profit or loss as part of revenue when the Group's right to receive payments is established. The interest component is reported as part of interest income.

Changes in the fair value of securities classified as available-for-sale financial assets are recognized in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial assets (continued)

(ii) Recognition and measurement (continued)

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in profit or loss as gains/losses from available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognized in profit or loss as part of revenue. Dividends on available-for-sale equity instruments are recognized in profit or loss as part of revenue when the Group's right to receive payments is established.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Group and the Company's statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(iv) Impairment of financial assets

Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there is objective evidence that an impairment loss on loans and receivables or debt investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. If a loan or debt investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments classified as available-for-sale financial assets are not reversed through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. The derivative financial instruments are designated as non-hedging instruments and are classified as current assets or liabilities. Changes in the fair value of any non-hedging derivative financial instruments are recognized immediately in profit or loss.

(h) Accounts, loan and other receivables

Accounts, loan and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment. An allowance for impairment of accounts, loan and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognized in profit or loss.

Impairment losses are reversed in subsequent periods and recognized in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortized cost would have been had the impairment not been recognized.

If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

(i) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents represents cash at bank and in hand, demand deposits with banks and other financial institutions, and other short-term highly liquid investments which are readily convertible into known amounts of cash with original maturity of three months or less and subject to an insignificant risk of change in value.

(j) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) Deposit received, accounts, loan and other payables

Deposit received, accounts, loan and other payables are stated initially at their fair value and subsequently measured at amortized cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(ii) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(iii) Warrants

Warrants issued by the Company that will be settled by a fixed amount of cash for a fixed number of the Company's own equity instruments are an equity instrument. Otherwise, they would be classified as derivate financial instruments, which are recognized at their fair values at the date of issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Revenue is recognized when it is probable that future economic benefits will flow to the Group and the amount of revenue can be measured reliably, on the following bases:

(i) Dividend income is recognized when the shareholder's right to receive payment is established.

(ii) Performance premium is received from co-investors so as to compensate the Group for all direct and indirect costs and expenses incurred for certain investment projects and its additional effort to monitor such investment projects. Performance premium is recognized when the efforts are made and expenses are incurred.

(iii) Interest income is recognized on a time-proportion basis using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognized using the original effective interest rate.

(l) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

(ii) Pension obligations

The Group participates in a mandatory provident fund scheme in Hong Kong which is a defined contribution plan available to all employees, generally funded through payments to trustee-administered funds. Contributions to the schemes by the Group are calculated as a percentage of the employees' basic salaries. The contributions are recognized as employee benefit expense when they are due.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date. The Group recognizes termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal.

(iv) Bonus

The expected costs of bonus payments are recognized as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligations can be made.

Liabilities for bonus are measured at the amounts expected to be paid when they are settled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Share capital and dividend distribution

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

(n) Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees and other eligible participants as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the share options granted:

- including any market performance consideration (for example, an entity's share price)
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the share options are exercised, the amount previously recognized in share-based payment reserve will be transferred to share capital and share premium. When the share options are forfeited or lapsed after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payment reserve will be transferred to retained profits/accumulated losses.

(o) Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the reporting date in the jurisdictions where the Company, its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Current and deferred tax (continued)

(ii) Deferred tax

Deferred income 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 consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(iii) Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and the Group intends to settle the current tax assets and liabilities on a net basis.

(p) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are accounted for as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Related parties

A party is related to the Group if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

(r) Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provision are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of any material effect on time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow is remote.

(s) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

(t) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Tax

Significant estimates are required in determining the provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determination is made. For details please refer to note 10 to the consolidated financial statements.

(b) Fair value estimation of financial instruments and embedded derivatives not quoted in an active market

As indicated in notes 5, 17 and 18 to the consolidated financial statements, the Group selects appropriate valuation techniques for financial instruments not quoted in an active market. The fair values of unlisted investments are determined in accordance with generally accepted pricing models such as Discounted Cash Flow Method. The values assigned to these unlisted investments are based upon available information and do not necessarily represent amounts which might ultimately be realized, since such amounts depend on future circumstances and cannot be reasonably determined until the individual position is realized.

(c) Fair value estimation of share options

The Group determines the fair value of its share options by using the Binomial Option valuation model which requires input of subjective assumptions as disclosed in note 27. Any change in the subjective input assumptions may materially affect the fair value of an option.

(d) Impairment assessment on debt investments

The Group performs ongoing credit evaluation of debt investments and its current creditworthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its investees and the fair value of respective collaterals obtained by the Group, if any. If the financial conditions of the investees of the Group deteriorate, resulting in an impairment of their ability to make payments, an allowance may be considered. As at 31 March 2018, the carrying amount of debt investments is approximately HK$1,456,000,000 (2017: HK$ Nil).

(e) Assessment of investment entities

In preparing the consolidated financial information, significant judgment has been applied by the management in the determination of the Company's status as an investment entity under Amendments to HKFRS 10, "Consolidated Financial Statements". Management have assessed the definition of an investment entity under HKFRS 10, "Consolidated Financial Statements" and given that the performance of the investments in associates are not measured on a fair value basis, management have concluded that the Company does not fall within the definition of an investment entity under HKFRS 10.

(f) Classification of revenue

Management applies judgement in determining commercial substance of the revenue received, which determine the classification of revenue in the consolidated statement of profit and loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(g) Impairment of available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment as a result of loss events. The Group exercises judgment in determining whether there is objective evidence of occurrence of loss events, which result in a decrease in estimated future cash flows of the financial assets. The estimation of future cash flows also requires judgment. In the assessment of impairment of available-for-sale equity instruments, the Group also considers whether there has been a significant or prolonged decline in fair value below their cost. The determination of what is a significant or prolonged decline requires management judgment.

Management estimates and judgments may change from time to time based upon future events that may or may not occur and changes in these estimates and judgments could adversely affect the carrying amounts of available-for-sale financial assets. Impairment charges on available-for-sale financial assets were HK$3,353,000 and HK$49,927,000 for the years ended 31 March 2018 and 2017 respectively. Please refer to note 17 "Available-for-sale financial assets" for more details.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Group	
	2018	2017
	HK$'000	HK$'000
Financial assets		
Available-for-sale financial assets	**346,804**	322,039
Financial assets at fair value through profit or loss		
Classified as held for trading	**570,217**	17,258
Designated as such upon initial recognition	**865,079**	257,912
Debt investments	**1,456,000**	–
Loans and receivables		
Accounts, loans receivables and others	**107,816**	7,712
Bank deposits and cash balances	**1,771,671**	1,786,810
Financial liabilities		
Accounts payable	**69,353**	63,210
Other payables	**14,694**	5,197
Deposit received	**240,000**	–
Loan payable	**127,975**	–
Financial liabilities at fair value through profit or loss	**88,282**	25,353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

5. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management

The Group's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, equity price risk, credit risk and liquidity risk. The Board of Directors (the "Board") meets periodically to analyze and formulate strategies to manage the Group's exposure to these risks to ensure appropriate measures are implemented on a timely and effective manner. The Group has not used any derivatives or other instruments for hedging purpose.

The financial risks to which the Group is exposed to are described below.

(i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

At 31 March 2018, the Group exposure to foreign currency risk from financial instruments that are monetary items including investments recognized in financial assets at fair value through profit or loss, loan and interest receivables, bank balances, account and other payables (2017: financial assets at fair value through profit or loss, account payable and its bank balances). These assets were denominated in RMB and the maximum exposure to foreign currency risk was RMB406,108,000, equivalent to HK$502,944,000 (2017: RMB20,055,000, equivalent to HK$22,637,000).

Sensitivity analysis

At 31 March 2018, if the RMB exchange rate has been 50 basis points higher/lower with all other variables held constant, the profit for the Year would have increased/decreased by approximately HK$2,515,000 (2017: HK$113,000).

At 31 March 2018, the Group holds 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 has been pegged to USD by the Hong Kong's Linked Exchange Rate System.

(ii) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits and loan payables (2017: bank deposits). At 31 March 2018, the Group's net interest-bearing asset was HK$1,719,614,000 (2017: HK$1,786,810,000). A change in interest rate levels within the range foreseen by the directors for the next twelve months could have a material impact on the Group.

The Board are of the opinion that the debt investments, loans receivable and other receivables held by the Group as at 31 March 2018 were all with fixed interest rates in the current period, hence the reasonable possible shift of market interest rate does not have a significant impact to the expected returns and fair value from these investments. The interest rate risk to these financial assets are considered to be insignificant.

The directors review the Group's cash flow interest rate risk exposure regularly and consider the present interest rate risk to be manageable.

Sensitivity analysis

At 31 March 2018, if the interest rates had been 25 basis points higher/lower with all other variables held constant, profit for the Year would have increased/decreased by approximately HK$4,299,000 (2017: HK$4,467,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

5. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(iii) Equity price risk

The Group is exposed to equity price risk through its equity investments recognized in financial assets at fair value through profit or loss and available-for-sale financial assets. The Board manages this exposure by maintaining a portfolio of investments with different risk and return profiles.

Sensitivity analysis

At 31 March 2018, if the price of the Group's financial assets at fair value through profit or loss and the Group's available-for-sale financial assets had been 10% higher/lower with all other variables held constant, the profit for the Year would have increased/decreased by approximately HK$141,580,000 (2017: approximately HK$24,767,000) and the investment revaluation reserve would have increased/decreased by approximately HK$34,680,000 (2017: HK$32,204,000).

(iv) Credit risk

At 31 March 2018, the Group's maximum exposure to credit risk in the event of the counterparties fail to perform their obligations in relation to each class of recognized financial assets is the carrying amount of these assets as stated in the consolidated statement of financial position.

The Group's credit risk on bank balances is limited because most of the counterparties are banks with investment-grade credit-ratings assigned by international credit-rating agencies.

The Group exposed to the credit risk if the counterparty to a financial instrument would fail to perform its obligation. The Group considers its exposure to credit risk increased because of the higher investment amount in debt securities. The Group's credit risk on debt securities held, debt investments and accounts receivable are limited because the directors has overall responsibility for the Group's credit policies and oversees the credit quality of the debt portfolio. The management has established policies and systems to monitor the credit risk. The management also delegated investment teams responsible for monitoring processes to ensure that follow-up actions are taken to recover doubtful debts. Financial positions of the underlying companies are closely monitored by regularly reviewing their financial and operation results and assessing their abilities to fulfill the repayment obligations.

In order to minimize the credit risk, the Group reviews the recoverable amount of each loans receivable, interest receivables, prepayment and other receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

At 31 March 2018, the carrying amount of the Group's debt investments was HK$1,456,000,000 (2017: Nil). The directors of the Company consider that the credit risk in relation to debt investments is limited because the investees are all financially healthy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

5. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(v) Liquidity risk

Liquidity risk is the risk that the Group cannot meet its current obligations as they fall due. For managing liquidity risk, the Group monitors and maintains a sufficient level of cash and cash equivalents adequate to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The directors review and monitor its working capital requirements regularly. At 31 March 2018, the Group held cash and cash equivalents of HK$1,771,671,000 (2017: HK$1,786,810,000) which were considered adequate for working capital management.

The following tables set out the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables are drawn up based on the undiscounted cash flows of financial liabilities and the earliest dates on which the Group can be required to pay.

	Less than one year or on demand HK$'000
At 31 March 2018	
Accounts payable	69,353
Other payables	14,694
Deposit received	240,000
Loan payable (note)	127,975
	452,022
At 31 March 2017	
Accounts payable	63,210
Other payables	5,197
	68,407

Note: Included in the above loan payable is a non-interest bearing third party loan and an interest-bearing margin facility loan from a financial institution situated in Hong Kong. The third party loan is repayable on demand upon request, while the interest-bearing margin facility loan will be matured within 1 year from 31 March 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts.

The fair value of financial instruments traded in active markets is based on quoted market prices for identical instruments at the reporting date. A market is regarded as active if quoted prices are readily and regularly available, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1. The Group adopted HKFRS 13 and continued to use quoted price as the valuation basis for listed equity investments.

Other listed equity securities, unlisted equity investments/exchangeable bond, unlisted investment funds, unlisted limited partnership and unlisted debt investments are stated at their fair values, which are determined by reference to the valuation in accordance with generally accepted valuation methodologies or the prices quoted by fund administrators.

The following disclosures of fair value measurements use a fair value hierarchy which has 3 levels.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

Disclosures of level in fair value hierarchy at 31 March 2018

Fair value measurement using:

Description	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at fair value through profit or loss				
Listed equity securities	460,724	–	–	460,724
Unlisted equity investments/ exchangeable bond	–	–	835,299	835,299
Unlisted investment funds/limited partnership	–	109,493	10,280	119,773
Unlisted debt investments	–	–	19,500	19,500
Available-for-sale financial assets				
Listed equity securities	8,125	–	–	8,125
Unlisted equity investments	–	–	338,679	338,679
Total	468,849	109,493	1,203,758	1,782,100
Financial liabilities at fair value through profit or loss	–	–	(88,282)	(88,282)

Reconciliation of assets measured at fair value based on level 3:

Description	Year ended 31 March 2018						
	Financial assets at fair value through profit or loss			Available-for-sale financial assets			
	Unlisted equity investments/ exchangeable bond HK$'000	Unlisted investment funds/limited partnership HK$'000	Unlisted debt investments HK$'000	Unlisted equity investments HK$'000	Total assets HK$'000	Financial liabilities at fair value through profit or loss HK$'000	Total liabilities HK$'000
At the beginning of the Year	223,549	6,863	27,500	313,121	571,033	(25,353)	(25,353)
Total gains or losses recognized							
– in profit or loss (#)	83,355	(280)	-	-	83,075	37,861	37,861
– in other comprehensive income	-	-	-	49,696	49,696	-	-
Purchases/Additions	528,395	6,235	-	-	534,630	(100,790)	(100,790)
Disposals/Distributions	-	(2,538)	(8,000)	(24,138)	(34,676)	-	-
At the end of the Year	835,299	10,280	19,500	338,679	1,203,758	(88,282)	(88,282)
(#) Total gains or losses included in profit or loss that is attributable to the change in unrealized gains or losses relating to those assets and liabilities held at the end of reporting period	83,355	(280)	-	-	83,075	37,861	37,861

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

Disclosures of level in fair value hierarchy at 31 March 2017

Fair value measurement using:

Description	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at fair value through profit or loss				
Listed equity securities	5,308	–	–	5,308
Unlisted investment funds/limited partnership	–	11,950	6,863	18,813
Unlisted debt investments	–	–	27,500	27,500
Unlisted equity investments/ exchangeable bond	–	–	223,549	223,549
Available-for-sale financial assets				
Listed equity securities	8,918	–	–	8,918
Unlisted equity investments	–	–	313,121	313,121
Total	14,226	11,950	571,033	597,209
Financial liabilities at fair value through profit or loss	–	–	(25,353)	(25,353)

Reconciliation of assets measured at fair value based on level 3:

	Year ended 31 March 2017						
	Financial assets at fair value through profit or loss			Available-for-sale financial assets			
Description	Unlisted investment Funds/limited partnership HK$'000	Unlisted debt investments HK$'000	Unlisted equity investments/ exchangeable bond HK$'000	Unlisted equity investments HK$'000	Total assets HK$'000	Financial liabilities at fair value through profit or loss HK$'000	Total liabilities HK$'000
At the beginning of the Year	8,596	–	–	185,059	193,655	–	–
Total gains or losses recognized							
– in profit or loss (#)	(375)	–	21,796	–	21,421	(25,353)	(25,353)
– in other comprehensive income	–	–	–	(30,655)	(30,655)	–	–
Purchases/Additions	–	27,500	201,753	158,717	387,970	–	–
Disposals/Distributions	(1,358)	–	–	–	(1,358)	–	–
At the end of the Year	6,863	27,500	223,549	313,121	571,033	(25,353)	(25,353)
(#) Total gains or losses included in profit or loss that is attributable to the change in unrealized gains or losses relating to those assets and liabilities held at the end of reporting period	(375)	–	21,796	–	21,421	(25,353)	(25,353)

\# For financial assets at fair value through profit or loss, the total gains or losses recognized, including those for assets held at the end of reporting period, are presented in profit or loss in "net change in unrealized gain/loss on financial assets at fair value through profit or loss". For available-for-sale financial assets, these amounts are presented in other comprehensive income in "available-for-sale financial assets: fair value changes".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

The consolidated financial statements include holdings in unlisted financial instruments which are measured at fair value. Fair value is estimated using generally accepted pricing models, which included some assumptions that are not supportable by observable market rates. In determining the fair value, certain unobservable inputs and a risk adjusted discount factor were used.

Description	Fair value at 31 March 2018 HK$'000	Fair value at 31 March 2017 HK$'000	Fair value hierarchy	Valuation techniques	Unobservable Inputs	31 March 2018 Range	31 March 2017 Range	Relationship of unobservable inputs to fair value
Available-for-sale financial assets								
Unlisted non-voting preference shares	51,709	42,389	Level 3	Discounted cash flow	Discount rate	13.20%	14.09%	Higher the discount rate, lower the fair value
					Long term growth rate	3%	3%	Higher the growth rate, higher the fair value
Unlisted preference shares	156,825	116,561	Level 3	Latest transaction price	N/A	N/A	N/A	N/A
Unlisted equity interest	127,291	124,714	Level 3	Discounted cash flow	Discount rate	16.61%	15.77%	Higher the discount rate, lower the fair value
					Forecast oil price	US$62.00 to US$65.00 per barrel for 2018 to 2022	US$57.85 to US$66.57 per barrel for 2017 to 2020	Higher the oil price, higher the fair value
Unlisted partnership interest	2,854	6,145	Level 3	Share of net assets	N/A	N/A	N/A	N/A
Unlisted partnership interest	–	23,312	Level 3	Latest transaction price	N/A	N/A	N/A	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

Description	Fair value at 31 March 2018 HK$'000	Fair value at 31 March 2017 HK$'000	Fair value hierarchy	Valuation techniques	Unobservable Inputs	31 March 2018 Range	31 March 2017 Range	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss								
Unlisted equity investments	78,276	–	Level 3	Latest transaction price	N/A	N/A	N/A	N/A
Unlisted equity investments	97,232	85,785	Level 3	Market comparable companies (2017: latest transaction price)	Earnings multiples (2017: N/A)	12.3x-78.6x	N/A	The higher the multiples, the higher the fair value (2017: N/A)
					Discount rate for lack of marketability (2017: N/A)	30%	N/A	The higher the discount rate, the lower the fair value (2017: N/A)
Unlisted partnership interests	235,410	–	Level 3	Latest transaction price	N/A	N/A	N/A	N/A
Unlisted non-voting preference shares	257,442	–	Level 3	Share of net assets	N/A	N/A	N/A	N/A
Unlisted partnership interests	10,280	6,863	Level 3	Share of net assets	N/A	N/A	N/A	N/A
Unlisted promissory notes	19,500	27,500	Level 3	Amortized cost (2017: latest transaction price)	N/A	N/A	N/A	N/A
Unlisted exchangeable bond	166,939	137,764	Level 3	Amortized cost	N/A	N/A	N/A	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

The change in valuation disclosed in the above table shows the direction an increase or decrease in the respective input variables would have on the valuation result.

No interrelationships between unobservable inputs used in the Group's valuation of its Level 3 investments have been identified.

6. TURNOVER AND REVENUE

Turnover represents the aggregate of dividend income, performance premium from co-investment partner, interest and other income, option premium received and gross sales proceeds from disposal of equity investments.

Revenue recognized during the Year is analyzed as follows:

	2018 **HK$'000**	2017 HK$'000
Dividend income	**7,077**	765
Performance premium from co-investment partner	**15,639**	15,520
Interest and other income	**102,721**	34,918
Option premium received	**–**	50,404
	125,437	101,607

7. OTHER INCOME

	2018 **HK$'000**	2017 HK$'000
Exchange gain	**12,558**	697
Fund management fee rebate	**–**	1,519
	12,558	2,216

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

8. 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:

	2018 HK$'000	2017 HK$'000
Revenue		
Hong Kong	105,746	10,622
Mainland China	19,691	15,520
Thailand	–	50,404
Australia	–	24,296
Other countries	–	765
	125,437	101,607

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

Non-current assets other than financial instruments

	2018 HK$'000	2017 HK$'000
Hong Kong	318,009	139,505
Mainland China	701,407	504,912

Information about major investments:

During the Year, 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% or more of the Group's total revenue amounted to approximately HK$49,233,000 and HK$15,639,000 respectively.

During the year ended 31 March 2017, performance premium received, debt investment interest received and option premium received from the Group's unlisted investments which individually accounted for 10% or more of the Group's total revenue amounted to approximately HK$15,520,000, HK$24,296,000 and HK$50,404,000 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

9. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest on bank loans and other borrowings	3,126	–

The effective interest rate of bank loans and other borrowings was approximately 4.58% (2017: nil) for the Year.

10. TAXATION

Hong Kong

(a) Hong Kong Profits Tax has been provided at a rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the Year. Taxation on overseas profit has been calculated on the estimated assessable profit for the Year at the rates of taxation prevailing in that overseas country.

	2018 HK$'000	2017 HK$'000
Hong Kong Profits Tax	–	13,210
Over-provision of Hong Kong Profits Tax for previous year	(4,025)	–
Deferred tax assets recognized	(3,133)	–
	(7,158)	13,210

(b) The reconciliation between the income tax and the product of profit before tax multiplied by the domestic tax rates applicable to profits of the consolidated entities is as follows:

	2018 HK$'000	2017 HK$'000
Profit before tax	136,262	201,270
Tax calculated at domestic tax rates applicable to profits in the respective countries	22,483	33,209
Tax effect of income that is not taxable	(26,952)	(45,099)
Tax effect of expenses that are not deductible	4,255	24,716
Tax effect of temporary differences not recognized	660	(22)
Tax effect of tax losses not recognized	122	4,038
Tax effect of utilization of tax losses not previously recognized	(3,701)	(3,632)
Over-provision of Hong Kong Profits Tax for previous year	(4,025)	–
Taxation	(7,158)	13,210

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

11. PROFIT FOR THE YEAR

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

	2018 HK$'000	2017 HK$'000
Auditor's remuneration		
– Audit	1,437	1,287
– Others	365	345
	1,802	1,632
Depreciation	138	107
Investment management fee	55,866	41,158
Operating lease payments in respect of office premises	9,348	6,654
Staff costs (including directors' emoluments)		
Salaries and other benefits	58,447	28,553
Retirement benefits scheme contributions	550	389
Equity-settled share-based compensation	7,116	10,061
	66,113	39,003

12. DIVIDENDS

The Board recommend the payment of a final dividend of HK 4 cents per share for the Year to the shareholders whose names are registered on the register of members of the Company at the close of business on 31 August 2018. The proposed final dividend will be paid on 7 September 2018 following approval at the forthcoming annual general meeting of the Company.

The Board recommended the payment of a final dividend of HK 4 cents per ordinary 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. The final dividend was approved by the shareholders of the Company at the Annual General Meeting held on 24 August 2017, and was paid on 7 September 2017.

13. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2018	2017
Profit for the Year (HK$'000)	143,420	188,060
Weighted average number of ordinary shares in issue (in thousand)	2,116,958	1,853,517
Basic earnings per share	6.77 cents	10.15 cents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

13. EARNINGS PER SHARE (continued)

(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 all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the Year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	2018	2017
Profit for the Year (HK$'000)	143,420	188,060
Weighted average number of ordinary shares in issue (in thousand)	2,116,958	1,853,517
Adjustments for share options (in thousand)	18,351	4,092
	2,135,309	1,857,609
Diluted earnings per share	6.72 cents	10.12 cents

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to directors in respect of their services as a director, whether of the Company or its subsidiary undertaking during the Year were as follows:

Name of director	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors				
ZHANG Zhi Ping	–	130	7	137
ZHANG Gaobo	–	130	6	136
LIU Zhiwei	250	–	–	250
ZHANG Weidong	–	4,733	18	4,751
Non-executive director				
Wu Zhong	4,160	–	–	4,160
Independent non-executive directors				
KWONG Che Keung, Gordon	250	–	–	250
HE Jia	250	–	–	250
WANG Xiaojun	250	–	–	250
	5,160	4,993	31	10,184

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

The emoluments paid or payable to directors in respect of their services as a director, whether of the Company or its subsidiary undertaking during the year ended 31 March 2017 were as follows:

Name of director	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors				
ZHANG Zhi Ping	–	130	7	137
ZHANG Gaobo	–	130	6	136
LIU Zhiwei	250	–	–	250
ZHANG Weidong	–	2,503	3	2,506
Non-executive director				
Wu Zhong	386	–	–	386
Independent non-executive directors				
KWONG Che Keung, Gordon	250	–	–	250
HE Jia	250	–	–	250
WANG Xiaojun	250	–	–	250
	1,386	2,763	16	4,165

The emoluments of the directors fell within the following bands:

	2018 Number of directors	2017 Number of directors
HK$Nil – HK$1,000,000	6	7
HK$1,000,001 – HK$1,500,000	–	–
HK$1,500,001 – HK$2,000,000	–	–
HK$2,000,001 – HK$2,500,000	–	–
HK$2,500,001 – HK$3,000,000	–	1
HK$3,000,001 – HK$3,500,000	–	–
HK$3,500,001 – HK$4,000,000	–	–
HK$4,000,001 – HK$4,500,000	1	–
HK$4,500,001 – HK$5,000,000	1	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

14. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(b) Senior management's emoluments

Of the five individuals whose emoluments were the highest in the Group for the Year, 1 of them (2017: 1) was a director. The emoluments of the 5 highest paid individuals (2017: 5) are as follows:

	2018 HK$'000	2017 HK$'000
Salaries and other benefits (including share-based compensation)	15,825	14,790
Retirement benefits scheme contributions	84	88
Discretionary bonuses	12,207	2,065
	28,116	16,943

During the year ended 31 March 2018 and 31 March 2017, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group.

The emoluments of the 5 highest paid individuals fell within the following bands:

	2018 Number of individuals	2017 Number of individuals
HK$Nil – HK$1,000,000	–	–
HK$1,000,001 – HK$1,500,000	–	–
HK$1,500,001 – HK$2,000,000	–	1
HK$2,000,001 – HK$2,500,000	–	–
HK$2,500,001 – HK$3,000,000	–	2
HK$3,000,001 – HK$3,500,000	–	–
HK$3,500,001 – HK$4,000,000	–	–
HK$4,000,001 – HK$4,500,000	2	1
HK$4,500,001 – HK$5,000,000	–	–
HK$5,000,001 – HK$5,500,000	–	1
HK$5,500,001 – HK$6,000,000	1	–
HK$6,000,001 – HK$6,500,000	1	–
HK$6,500,001 – HK$7,000,000	1	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

15. FIXED ASSETS

	Motor Vehicle HK$'000	Computer equipment HK$'000	Office equipment HK$'000	Furniture HK$'000	Total HK$'000
Cost					
At 1 April 2016	–	156	11	101	268
Additions	200	61	–	44	305
At 31 March 2017	200	217	11	145	573
Additions	–	429	–	9	438
At 31 March 2018	200	646	11	154	1,011
Accumulated depreciation					
At 1 April 2016	–	87	11	74	172
Charge for the year	61	34	–	12	107
At 31 March 2017	61	121	11	86	279
Charge for the year	66	53	–	19	138
At 31 March 2018	127	174	11	105	417
Carrying amount					
At 31 March 2018	**73**	**472**	**–**	**49**	**594**
At 31 March 2017	139	96	–	59	294

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For the year ended 31 March 2018

16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	2018 HK$'000	2017 HK$'000
Associates	859,434	644,123
Joint venture	156,255	–
	1,015,689	644,123

Details of the Group's associates and joint ventures at 31 March 2018 are as follows:

Name of entity	Business structure	Place of incorporation and operation	Particular of interest held	Percentage of interest	Principal activity	Cost HK$'000	Carrying amount HK$'000	Net assets attributable to the Group HK$'000
Associates								
CSOP Asset Management Limited ("CSOP")	Corporate	Hong Kong	60,000,000 (2017: 60,800,000) ordinary shares	30% (note 1) (2017: 24%)	Asset management and investment holding	60,000 (2017: 61,264)	150,320 (2017: 132,188)	150,320 (2017: 132,188)
Guotai Junan Fund Management Limited	Corporate	Hong Kong	2,990,000 (2017: 2,990,000) ordinary shares	29.9% (2017: 29.9%)	Asset management and trading in securities	2,990 (2017: 2,990)	6,792 (2017: 6,255)	6,792 (2017: 6,255)
OPIM Holdings Limited	Corporate	British Virgin Islands	3,000 (2017: 3,000) ordinary shares	30% (2017: 30%)	Asset management	1,469 (2017: 1,469)	915 (2017: 768)	915 (2017: 768)
Henan CCOP New Life Service Limited ("CCOP New Life")	Corporate	China	RMB15,000,000 (2017: –) contribution	30% (note 2) (2017: –)	Investment holding	16,954 (2017: –)	11,621 (2017: –)	11,621 (2017: –)
BE Financial Service (Beijing) Investment Holdings Limited ("BEFS")	Corporate	China	RMB40,000,000 (2017: –) contribution	20% (note 3) (2017: –)	Investment holding	46,640 (2017: –)	49,175 (2017: –)	49,175 (2017: –)
Treasure Up Ventures Limited ("TUVL")	Corporate	The Republic of Seychelles	50 (2017: 50) ordinary shares	25% (note 4) (2017: 25%)	Investment holding	351,671 (2017: 351,671)	490,736 (2017: 504,912)	490,736 (2017: 504,912)
South South Green Energy Limited	Corporate	Hong Kong	3 (2017: 3) ordinary shares	30% (2017: 30%)	Dormant	– (2017: –)	– (2017: –)	– (2017: –)
東英騰華融資租賃(深圳)有限公司 ("東英騰華")	Corporate	China	RMB60,000,000 (2017: –) contribution	30% (note 5) (2017: –)	Lease investments	71,160 (2017: –)	74,159 (2017: –)	74,159 (2017: –)
上海赫奇企業管理諮詢有限公司 ("上海赫奇")	Corporate	China	RMB61,172,118 (2017: –) contribution	23.52% (note 6) (2017: 100%)	Investment holding	72,841 (2017: –)	75,716 (2017: –)	75,716 (2017: –)
Joint ventures								
Shen Jiang L.P.	Limited partnership	Cayman Islands	US$1 (2017: US$1) contribution	50% (2017: 50%)	Investment holding	– (2017: –)	– (2017: –)	– (2017: –)
Magopt Investment L.P.	Limited partnership	British Virgin Islands	US$1 (2017: –) contribution	50% (note 7) (2017: –)	Dormant	– (2017: –)	– (2017: –)	– (2017: –)
OP EBS Fintech Investment L.P. ("OP EBS Fintech")	Limited partnership	Cayman Islands	US$20,000,000 (2017: –) contribution	40% (note 8) (2017: –)	Investment holding	156,255 (2017: –)	156,255 (2017: –)	156,255 (2017: –)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

Note:

1. On 31 August 2017, the shareholders of CSOP entered into a share repurchase agreement with CSOP. CSOP repurchased an aggregate of 53,333,333 ordinary shares at HK$1.58 per ordinary share from its shareholders, of which 800,000 ordinary shares from the Company. The Group's effective interest in CSOP changes from 24% to 30%.

   During the Year, CSOP declared 2016 dividends and the Company was entitled to HK$31,440,000 cash dividend. HK$31,440,000 was received in November 2017.

   During the year ended 31 March 2017, no dividend has been received from CSOP.

2. On 5 October 2016, the Company through a subsidiary, OP New Life Limited ("OP New Life"), entered into an equity transfer agreement in relation to the acquisition of equity interests in CCOP New Life, a sino-foreign equity joint venture enterprise in the People's Republic of China.

3. On 21 August 2017, the Company entered into a shareholders' agreement with Beijing Enterprises Water Group and Shanghai Hengshi Wealth Investment Limited to establish BEFS for the purpose of providing fund investment and management services for Beijing Enterprises Water Group.

4. The Company, through a subsidiary, Prosper Gain Holdings Limited, holds 25% ordinary share capital of TUVL for the purpose of financing TUVL's acquisition of a minority interest in a trust company registered in PRC – Beijing International Trust Co., Ltd. ("BITIC").

   The fair value of BITIC at 31 March 2018 was determined by the directors by reference to the valuation carried out by an external independent valuer by using the market comparison approach. Determination of fair value is based on the best information available in the circumstances and includes appropriate risk adjustments for lack of marketability. Factors considered in determining the fair value of these investments include multiples of comparable companies listed on stock exchanges and discount rates based on market information.

   At 31 March 2017, bidding invitations were sent through independent business advisors to potential buyers in December 2016 and January 2017. The directors of the Group determined that these non-binding offer prices would be independent sources of indicative fair value of the investment. However, no agreement has been reached afterwards.

5. The Company entered into an investment agreement with four investment partners to establish 東英騰華 for leasing and financing new energy vehicles in the People's Republic of China. Pursuant to the investment agreement, the Company committed to contribute RMB150,000,000 and has injected RMB60,000,000 to 東英騰華 during the Year.

6. The Company has restructured its position in 上海赫奇 by disposing of 76.48% of its shareholding while increasing its investment in 上海赫奇 by RMB61,172,000 during the Year. As at 31 March 2018, the directors determined that the Group has a significant influence on decision making process of 上海赫奇 and thus reclassified its interest in 上海赫奇 from a subsidiary to an associate of the Group.

7. The Company, through its wholly-owned subsidiary, Snowball Plan Limited ("Snowball Plan"), formed a limited partnership namely Magopt Investment L.P. with a third party, for the purpose of pursuing investment opportunities. Snowball Plan contributed 50% of funding and acts as the initial limited partner of the partnership.

   As at 31 March 2018, the business is still in set up stage.

8. On 28 August 2017, 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. OP EBS Fintech is established for the purpose of investing into PRC companies in Fin-tech industry.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

Summarized financial information in respect of the Group's associates (based on the management accounts of the associates) at 31 March 2018 is set out below:

Associates	**CSOP HK$'000**	**TUVL HK$'000**	**BEFS HK$'000**	**東英騰華 HK$'000**	**上海赫奇 HK$'000**	**Others HK$'000**	**Total HK$'000**
At 31 March 2018							
Total current assets	2,696	1,962,943	23,635	191,037	76,566	75,893	2,332,770
Total non-current assets	782,016	–	244,546	57,650	–	63,978	1,148,190
Total current liabilities	(282,415)	–	(22,307)	(1,491)	(5)	(75,369)	(381,587)
Total non-current liabilities	–	–	–	–	–	–	–
Net assets	502,297	1,962,943	245,874	247,196	76,561	64,502	3,099,373
Group's share of investments' net assets	150,320	490,736	49,175	74,159	75,716	19,328	859,434
Year ended 31 March 2018							
Total revenue	456,237	–	6,364	9,982	–	53,729	526,312
Total profit/(loss) for the Year	136,854	(56,707)	(1,816)	(494)	2,373	(22,394)	57,816
Other comprehensive income for the Year	(2,807)	–	–	31	–	–	(2,776)
Total comprehensive income for the Year	134,047	(56,707)	(1,816)	(463)	2,373	(22,394)	55,040
Group's share of investments' profit/(loss) for the Year	49,920	4,203	(363)	(161)	2,875	(6,053)	50,421
Group's share of investments' other comprehensive income for the Year	(675)	–	–	9	–	–	(666)

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For the year ended 31 March 2018

16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

Summarized financial information in respect of the Group's associates (based on the management accounts of the associates) at 31 March 2017 is set out below:

Associates	CSOP HK$'000	TUVL HK$'000	Others HK$'000	Total HK$'000
At 31 March 2017				
Total current assets	5,257	2,019,651	24,343	2,049,251
Total non-current assets	737,535	–	726	738,261
Total current liabilities	(188,237)	–	(1,590)	(189,827)
Total non-current liabilities	–	–	–	–
Net assets	554,555	2,019,651	23,479	2,597,685
Group's share of investments' net assets	132,188	504,912	7,023	644,123
Year ended 31 March 2017				
Total revenue	317,833	–	1,775	319,608
Total profits for the Year	115,840	638,286	(231)	753,895
Other comprehensive income for the Year	(1,234)	–	–	(1,234)
Total comprehensive income for the Year	114,606	638,286	(231)	752,661
Group's share of investments' profit/(loss) for the Year	27,802	159,571	(85)	187,288
Group's share of investments' other comprehensive income for the Year	(296)	–	–	(296)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

Summarized financial information in respect of the Group's joint ventures (based on the management accounts of the joint venture) at 31 March 2018 is set out below:

Joint venture	**OP EBS Fintech HK$'000**
At 31 March 2018	
Total current assets	–
Total non-current assets	390,638
Total current liabilities	(39)
Total non-current liabilities	–
Net assets	390,599
Group's share of investments' net assets	156,255
Year ended 31 March 2018	
Total revenue	–
Total loss for the Year	(39)
Other comprehensive income for the Year	–
Total comprehensive income for the Year	(39)
Group's share of investments' profit for the Year	–
Group's share of investments' other comprehensive income for the Year	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018 HK$'000	2017 HK$'000
Listed equity securities, at fair value	8,125	8,918
Unlisted equity investments, at fair value	338,679	313,121
	346,804	322,039

The fair value of the listed equity securities are determined based on the quoted market closing prices available on the Hong Kong Stock Exchange at the end of the reporting period.

The Group invested in unlisted equity investments which are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Group uses its net asset value to determine its fair value as the Group determined that this is the fair price at which shareholders subscribe and redeem the investments or determined its fair value with generally accepted pricing models.

During the Year, an impairment loss of HK$3,353,000 (2017: HK$49,927,000) had been recognized in profit or loss.

Impairment loss recognized during the year was as follows:

	2018 HK$'000	2017 HK$'000
Listed equity securities	826	2,378
Unlisted equity investments	2,527	47,549
	3,353	49,927

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 HK$'000	2017 HK$'000
Listed equity securities	460,724	5,308
Unlisted equity investments/exchangeable bond	835,299	223,549
Unlisted investment funds/limited partnership	119,773	18,813
Unlisted debt investments	19,500	27,500
	1,435,296	275,170
Analyzed as:		
Current assets	1,082,874	35,258
Non-current assets	352,422	239,912
	1,435,296	275,170

The investments in listed equity securities, certain unlisted investment funds are classified as held for trading; whereas the investments in other unlisted investment funds/limited partnerships, unlisted debt investments and unlisted equity investments/exchangeable bond are designated as financial assets at fair value through profit or loss on initial recognition. They are managed and their performances are evaluated on fair value basis in accordance with the Group's risk management and investment strategy, and information about the investment is provided internally on that basis to the Group's key management personnel.

The fair values of the listed equity securities are determined based on the quoted prices available on the relevant stock exchanges at the end of the reporting period.

The Group invested in unlisted equity investments which are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Company uses prices of recent arm's length market transactions or fair value determined at year end date using a valuation technique to determine its fair value.

The unlisted debt investments are debentures carrying interest rates ranging from 5% simple flat rate to 20% internal rate of return.

During the Year, net change in unrealized gain of approximately HK$40,367,000 (2017: net change in unrealized loss of approximately HK$37,175,000) arising from changes in fair value of these financial assets was recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

19. DEBT INVESTMENTS

	Carrying amount at	
	2018	2017
	HK$'000	HK$'000
Unlisted debt investments	**1,456,000**	–
Allowance for impairment	**–**	–
	1,456,000	–

The fair value of the debt investments approximates its carrying value.

The tenure of the debt investments ranged from 3 months to 1 year. The applied interest rates ranged from 8% to 24% per annum. They are expected to be settled within one year.

In order to minimize the credit risk, the Group have assessed the creditworthy of the investees and closely monitors the repayment ability of the investees. As at 31 March 2018, the Group did not recognize any allowance for impairment.

At 31 March 2018, debt investments were neither past due nor impaired.

20. ACCOUNTS AND LOANS RECEIVABLE

	Note	**2018 HK$'000**	2017 HK$'000
Unsecured loan to a potential investee	(a)	**74,307**	–
Accounts receivable	(b)	**7,878**	3,886
Amounts due from associates	(c)	**1,052**	84
		83,237	3,970
Analyzed as:			
Current assets		**83,237**	3,970

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

20. ACCOUNTS AND LOANS RECEIVABLE (continued)

(a)

	2018 HK$'000	2017 HK$'000
Unsecured loan	74,307	–

Unsecured loan of RMB60,000,000, approximately HK$74,307,000, is provided to a potential investee established in the PRC. Upon the approval of capital injection by the local government, the loan will be converted into capital of that investment. The Company is closely monitoring the government's approval status and it is expected to be completed within 1 year.

(b) At 31 March 2018, the Group's accounts receivable represented performance premium receivable from an investment partner. The Group does not hold any collateral or other credit enhancements over the accounts receivable. The aging analysis of accounts receivable based on the invoice date is as follows:

	2018 HK$'000	2017 HK$'000
Unbilled	3,954	3,886
< 3 months	3,924	–
	7,878	3,886

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

At 31 March 2018 and 2017, the accounts receivable were neither past due nor impaired.

(c) Amounts due from associates arise mainly from 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

21. ACCOUNTS PAYABLE

	2018 HK$'000	2017 HK$'000
Consideration payable	69,353	63,210

Consideration payable represents RMB56 million (2017: RMB56 million), equivalent to HK$69.35 million (2017: HK$63.21 million), conditional investment considerations of the investment in Sinagri Yingtai AMP Limited ("Sinagri Yingtai"). The timing of actual payment depends on certain conditions including completion of some administrative tasks and successfully obtain drug license approval from Ministry of Agriculture of Mainland China.

22. DEPOSITS RECEIVED

Deposit received represents HK$240,000,000 (2017: Nil) deposit received from an investment partner.

23. LOAN PAYABLE

	2018 HK$'000	2017 HK$'000
Bank borrowing (note a)	52,058	–
Other borrowing (note b)	75,917	–
	127,975	–

Notes:

(a) The bank borrowing represents margin financing of one of the listed securities investments held as at 31 March 2018. It is secured by the listed securities held by the Company amounting to HK$119,700,000 (2017: Nil). The maximum tenure of the margin financing is 1 year.

The average effective interest rate as at 31 March 2018 of bank borrowings was 5.81% (2017: Nil). The carrying amounts of borrowings are principally denominated in HKD.

(b) Other borrowing represent RMB61,300,000 (equivalent to approximately HK$75,917,000) loan due to 上海赫奇 for a potential investment opportunity in the PRC. The borrowings are unsecured, non-interest bearing and repayable on demand.

(c) The carrying amounts of the Group's and the Company's loan payable approximate to their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

24. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 HK$'000	2017 HK$'000
Current liabilities		
Payable to investment partners (note a)	57,450	–
Staff participation interest payable (note c)	860	–
	58,310	–
Non-current liabilities		
Accrued consultancy fee (note b)	20,042	25,353
Staff participation interest payable (note c)	9,930	–
	29,972	25,353

(a) During the Year, the Group entered into financial participation arrangements with two investment partners. Pursuant to the arrangements, the investment partners agreed to pay an aggregate amount of HK$90,000,000 to the Group and in return, shared a portion of the Group's future realized trading result (in the form of dividends, interest, or other distributions or proceeds from realisation) of two of the listed investments that is proportional to the amount provided by the investment partners to the Group as a percentage of the total Group's investment in the listed investments. In general, the financial participation arrangements would be terminated upon the complete exit of the Group's investment in the listed securities. As at 31 March 2018, the payable to investment partners' interests in those investments were reduced to HK$57,450,000. An unrealized gain of HK$32,550,000 was recognized in profit or loss accordingly.

All the above-mentioned listed investments by the Group are classified as financial assets at fair value through profit or loss categorized in Level 1 fair value hierarchy. The classification and fair value of the financial participation arrangements are associated directly with these underlying investments and their valuation details and sensitivity analysis are set out in note 5. As at 31 March 2018 and 2017, the financial liabilities at fair value through profit or loss are classified as current liabilities in accordance with the intention of investments and presented in the consolidated statement of financial position.

(b) Pursuant to the investment agreement in TUVL, the Group agreed to pay consultancy fee to the shareholder of TUVL upon the exit of investment in TUVL. The amount of consultancy fee will be determined based on the net disposal proceeds received. At 31 March 2018, consultancy fee liable to the shareholder of TUVL was reduced to HK$20,042,000 (2017: HK$25,353,000), an unrealized gain of HK$5,311,000 was recognized in profit or loss in the Year.

(c) As an incentive program to align risk and performance of the Group's investments with interests of the employees, the Group set up staff participation plan during the Year. At the inception of a qualified investment, the Group will allocate not more than 10% of its own interest in that investment for staff participation. Pursuant to terms of the staff participation plan, the eligible employees will subscribe for the interest of the investment at the same price as the Group's investment cost and share potential profit or loss in proportion to its participation upon the Group's exit of such investment. The classification of current liabilities and non-current liabilities was determined based on the classification of the underlying investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

25. DEFERRED TAX ASSETS

The following is the deferred tax assets recognized by the Group and movements thereon during the current and prior years:

	Tax losses	Unrealized fair value gain on investments and related liabilities	Taxable temporary differences	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 April 2016	–	–	–	–
Charged to profit or loss for the year	–	–	–	–
Balance at 31 March 2017	–	–	–	–
Charged to profit or loss for the year	3,846	(700)	(13)	3,133
Balance at 31 March 2018	**3,846**	**(700)**	**(13)**	**3,133**

At 31 March 2018, deferred tax has not been recognized in respect of the following items:

	2018	2017
	HK$'000	HK$'000
Unused tax losses	24,621	46,029
Deductible/(taxable) temporary differences	(390)	3,837
	24,231	49,866
Deferred tax assets not recognized	3,998	8,228

At 31 March 2018, the Group has not recognized deferred tax assets in respect of unused tax losses of approximately HK$24,621,000 (2017: approximately HK$46,029,000) due to the unpredictability of future profit streams. These balances will not expire until utilized.

At 31 March 2018, the Group has not recognized deferred tax liabilities in respect of excess of accounting depreciation over tax depreciation of approximately HK$390,000 (2017: deferred tax assets in respect of net unrealized losses on listed securities, net off excess of tax depreciation over accounting depreciation of approximately HK$3,837,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

26. SHARE CAPITAL

	Number of shares			
	2018 Thousand shares	2017 Thousand shares	**2018 HK$'000**	2017 HK$'000
Authorized				
Ordinary shares of HK$0.10 each	**4,000,000**	4,000,000	**400,000**	400,000
Issued and fully paid:				
At 1 April	**1,897,396**	1,841,396	**189,740**	184,140
Placement of shares (note a)	**1,040,000**	56,000	**104,000**	5,600
At 31 March	**2,937,396**	1,897,396	**293,740**	189,740

Note:

(a) On 12 December 2016, the Company entered into a placing agreement with the placing agent pursuant to which the placing agent agreed to place up to 56,000,000 new shares to not less than six places at a price of HK$1.95 per share. The net proceeds from the placing, net of professional fees and out-of-pocket expenses, were used as the general working capital of the Company and for investments in unlisted investment funds and unlisted equity investments pursuant to the investment objectives of the Company. The placing shares was issued under the general mandate to allot, issue and deal with shares granted to directors by resolution of the shareholders passed at the Annual General Meeting held on 31 August 2016 and was completed on 12 January 2017. All the new ordinary shares issued during the current period rank pari passu with the then existing shares in all aspects.

On 16 November 2017, the Company entered into four subscription agreements with four subscribers pursuant to which the subscribers agreed to subscribe for and the Company agreed to allot and issue an aggregate of 740,000,000 new shares at the subscription price of HK$2.10 per subscription share. The net proceeds from the subscription, net of professional fees and out-of-pocket expenses, were used for investments such as listed securities, preference shares and debentures, and general working capital of the Group. The allotment and issuance of new shares under the subscription agreements was passed by an ordinary resolution of the shareholders at the extraordinary general meeting of the Company held on 15 December 2017 and the subscription was completed on 21 December 2017. All the new ordinary shares issued during the current period rank pari passu with the then existing shares in all aspects.

On 7 March 2018, the Company entered into two subscription agreements with two subscribers pursuant to which the subscribers agreed to subscribe for and the Company agreed to allot and issue an aggregate of 300,000,000 new shares at the subscription price of HK$3.33 per subscription share. The net proceeds from the subscription, net of professional fees and out-of-pocket expenses, were used for investments in unlisted debentures and general working capital of the Group. The subscription shares under the subscription agreements was allotted and issued under the general mandate granted to the directors at the annual general meeting held on 24 August 2017 and the subscription was completed on 14 March 2018. All the new ordinary shares issued during the current period rank pari passu with the then existing shares in all aspects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

26. SHARE CAPITAL (continued)

Capital Management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Directors regard total equity as capital, for capital management purposes.

The Group manages its capital structure and makes adjustments to it, in light of change in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the Years ended 31 March 2018 and 2017. Neither the Company nor its subsidiaries is subject to externally imposed requirements.

27. SHARE OPTION SCHEME

Under the Share Option Scheme adopted on 19 March 2003, refreshed on 21 January 2008 and 17 May 2016, the Board may at any time following the date of adoption and before the tenth anniversary thereof, offer to grant to certain selected classes of participants (including, among others, directors, employees and consultants) of the Company, an option to subscribe for shares as incentives or rewards for their contribution to the Company. The subscription price will be determined by the Board (subject to adjustment), and will not be less than the highest of (a) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (b) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of grant; and (c) the nominal value of the shares of the Company. A nominal consideration of HK$1 is payable on acceptance of the grant of an option. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under this scheme and any other share option schemes adopted by the Company may not exceed 10% of the share capital of the Company in issue.

An option may be accepted by a participant within 21 days from the date of the offer for grant of the option. An option may be exercised in accordance with the terms of the share option scheme at any time not later than 10 years from the date on which the offer for grant of the option is made. Subject to the terms of the share options determined by the Board, the participant may have to meet certain vesting conditions before becoming unconditionally entitled to the share options. For the share options that existed during the years ended 31 March 2018 and 2017, vesting conditions includes performance conditions such as complete or successful exit of specified investment projects and market conditions such as the Company's market capitalization. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

27. SHARE OPTION SCHEME (continued)

Movement of the Company's share options during the Year:

Grantee	Date of grant	Outstanding at beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at end of the Year	Exercise price HK$	Exercise period
Director	20.5.2016	1,750,000	–	–	–	1,750,000	1.65	20.5.2017 to 19.5.2021
Director	20.5.2016	1,750,000	–	–	–	1,750,000	1.65	20.5.2018 to 19.5.2021
Director	20.5.2016	1,750,000	–	–	–	1,750,000	1.65	20.5.2019 to 19.5.2021
Director	20.5.2016	1,750,000	–	–	–	1,750,000	1.65	20.5.2020 to 19.5.2021
Directors of group companies	20.5.2016	4,500,000	–	–	–	4,500,000	1.65	20.5.2017 to 19.5.2021
Directors of group companies	20.5.2016	4,500,000	–	–	–	4,500,000	1.65	20.5.2018 to 19.5.2021
Directors of group companies	20.5.2016	4,500,000	–	–	–	4,500,000	1.65	20.5.2019 to 19.5.2021
Directors of group companies	20.5.2016	4,500,000	–	–	–	4,500,000	1.65	20.5.2020 to 19.5.2021
Employees	20.5.2016	5,000,000	–	–	–	5,000,000	1.65	20.5.2017 to 19.5.2021
Employees	20.5.2016	5,000,000	–	–	–	5,000,000	1.65	20.5.2018 to 19.5.2021
Employees	20.5.2016	5,000,000	–	–	–	5,000,000	1.65	20.5.2019 to 19.5.2021
Employees	20.5.2016	5,000,000	–	–	–	5,000,000	1.65	20.5.2020 to 19.5.2021
Consultants	20.5.2016	1,500,000	–	–	–	1,500,000	1.65	20.5.2017 to 19.5.2021
Consultants	20.5.2016	1,500,000	–	–	–	1,500,000	1.65	20.5.2018 to 19.5.2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

27. SHARE OPTION SCHEME (continued)

Grantee	Date of grant	Outstanding at beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at end of the Year	Exercise price HK$	Exercise period
Consultants	20.5.2016	1,500,000	–	–	–	1,500,000	1.65	20.5.2019 to 19.5.2021
Consultants	20.5.2016	1,500,000	–	–	–	1,500,000	1.65	20.5.2020 to 19.5.2021
Director	1.2.2018	–	2,500,000	–	–	2,500,000	2.60	1.2.2019 to 31.1.2023
Director	1.2.2018	–	2,500,000	–	–	2,500,000	2.60	1.2.2020 to 31.1.2023
Director	1.2.2018	–	2,500,000	–	–	2,500,000	2.60	1.2.2021 to 31.1.2023
Director	1.2.2018	–	2,500,000	–	–	2,500,000	2.60	1.2.2022 to 31.1.2023
Employees	1.2.2018	–	3,000,000	–	–	3,000,000	2.60	1.2.2019 to 31.1.2023
Employees	1.2.2018	–	3,000,000	–	–	3,000,000	2.60	1.2.2020 to 31.1.2023
Employees	1.2.2018	–	3,000,000	–	–	3,000,000	2.60	1.2.2021 to 31.1.2023
Employees	1.2.2018	–	3,000,000	–	–	3,000,000	2.60	1.2.2022 to 31.1.2023
		51,000,000	22,000,000	–	–	73,000,000		

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For the year ended 31 March 2018

27. SHARE OPTION SCHEME (continued)

Movement of the Company's share options during the year ended 31 March 2017:

Grantee	Date of grant	Outstanding at beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at end of the Year	Exercise price HK$	Exercise period
Director	20.5.2016	–	1,750,000	–	–	1,750,000	1.65	20.5.2017 to 19.5.2021
Director	20.5.2016	–	1,750,000	–	–	1,750,000	1.65	20.5.2018 to 19.5.2021
Director	20.5.2016	–	1,750,000	–	–	1,750,000	1.65	20.5.2019 to 19.5.2021
Director	20.5.2016	–	1,750,000	–	–	1,750,000	1.65	20.5.2020 to 19.5.2021
Directors of group companies	20.5.2016	–	4,500,000	–	–	4,500,000	1.65	20.5.2017 to 19.5.2021
Directors of group companies	20.5.2016	–	4,500,000	–	–	4,500,000	1.65	20.5.2018 to 19.5.2021
Directors of group companies	20.5.2016	–	4,500,000	–	–	4,500,000	1.65	20.5.2019 to 19.5.2021
Directors of group companies	20.5.2016	–	4,500,000	–	–	4,500,000	1.65	20.5.2020 to 19.5.2021
Employees	20.5.2016	–	5,000,000	–	–	5,000,000	1.65	20.5.2017 to 19.5.2021
Employees	20.5.2016	–	5,000,000	–	–	5,000,000	1.65	20.5.2018 to 19.5.2021
Employees	20.5.2016	–	5,000,000	–	–	5,000,000	1.65	20.5.2019 to 19.5.2021
Employees	20.5.2016	–	5,000,000	–	–	5,000,000	1.65	20.5.2020 to 19.5.2021
Consultants	20.5.2016	–	1,500,000	–	–	1,500,000	1.65	20.5.2017 to 19.5.2021
Consultants	20.5.2016	–	1,500,000	–	–	1,500,000	1.65	20.5.2018 to 19.5.2021
Consultants	20.5.2016	–	1,500,000	–	–	1,500,000	1.65	20.5.2019 to 19.5.2021
Consultants	20.5.2016	–	1,500,000	–	–	1,500,000	1.65	20.5.2020 to 19.5.2021
		–	51,000,000	–	–	51,000,000		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

27. SHARE OPTION SCHEME (continued)

Notes:

(a) The closing prices of the ordinary shares of the Company immediately before the date on option grant date were HK$1.45 and HK$2.57 on 20 May 2016 and 1 February 2017 respectively.

(b) On 29 February 2016, under mutual consents with the option holders, the Board canceled the then-outstanding share options granted on 22 May 2015 with an intent to replace by a new grant of share options with similar terms and conditions upon the adoption of the new share option scheme by the Company. The new option scheme was adopted by the Company on 17 May 2016.

On 20 May 2016, the Company granted 51,000,000 share options ("Options") to certain eligible grantees of the Company and its subsidiaries ("Grantees") under the share option scheme of the Company adopted on 17 May 2016, subject to the acceptance of the offer by the Grantees. The grant acted as the replacement of share options canceled on 29 February 2016 and the Options shall entitle the Grantees to subscribe for a total of 51,000,000 new ordinary shares of HK$0.1 each in the share capital of the Company. The exercise price was set at HK$1.65 per share.

The total fair value of the new share options granted on 20 May 2016 was lower than those granted on 22 May 2015. As such, the effect of modifications does not impact the recognition of the equity-settled share-based payments in profit or loss. The Company will continue to recognize equity settled share-based payments based on the fair value of the share options granted on 22 May 2015.

(c) On 1 February 2018, the Company granted 22,000,000 new share options ("Options") to certain eligible grantees of the Company and its subsidiaries ("Grantees") under the share option scheme of the Company adopted on 17 May 2016, subject to the acceptance of the offer by the Grantees. The Options shall entitle the Grantees to subscribe for a total of 22,000,000 new ordinary shares of HK$0.1 each in the share capital of the Company. The exercise price was set at HK$2.60 per share.

(d) The Binomial Option Pricing Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

Details of the share options granted on 20 May 2016 was as follows:

Theoretical aggregate value:	HK$32,822,000
Fair value recognized in profit or loss during the Year:	HK$5,340,000 (2017: HK$10,061,000)
Risk free interest rate:	1.079%
Expected volatility:	62.58%
Expected life of the options:	5 years from the date of grant
Expected dividend yield:	4.58%

Details of the share options granted on 1 February 2018 was as follows:

Theoretical aggregate value:	HK$20,539,000
Fair value recognized in profit or loss during the Year:	HK$1,776,000 (2017: HK$ nil)
Risk free interest rate:	1.828%
Expected volatility:	43.30%
Expected life of the options:	5 years from the date of grant
Expected dividend yield:	0.93%

The measurement dates of the share options were 20 May 2016 and 1 February 2018, being the dates of grant of the share options. Where the grantees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest or lapse.

Options forfeited, if any, before the expiry of the options will be treated as lapsed options which will be added back to the number of ordinary shares available to be issued under the Share Option Scheme.

The expected volatility of the underlying security of the options was determined based on the historical volatility of the share prices of the Company, as extracted from Bloomberg and Reuters.

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28. NET ASSET VALUE PER SHARE

The net asset value per share is calculated by dividing the net asset value of the Group at 31 March 2018 of approximately HK$5,594,858,000 (2017: HK$2,914,500,000) by the number of ordinary shares in issue at that date, being 2,937,396,000 (2017: 1,897,396,000).

29. ISSUE OF UNLISTED WARRANTS

On 13 January 2017, the Company entered into a consultancy agreement ("Consultancy Agreement") with Magopt Ltd (the "Consultant"), a limited company incorporated in the British Virgin Islands. Pursuant to the Consultancy Agreement (as supplemented by a supplemental agreement dated 13 March 2017), in consideration of and in exchange for the services to be provided by the Consultant, the Company has conditionally agreed to issue to the Consultant a total of 202,553,560 warrants ("Warrants") at zero issue price, carrying the right to subscribe for an aggregate of 202,553,560 shares of the Company at a subscription price of HK$2.20 per share. The Warrants will rank pari passu in all respects among themselves.

Pursuant to the consultancy agreement, the Consultant will assist the Company in acquiring and capturing investment opportunities ("Target Investments"), in the negotiation for achieving better investment terms and gains on the Target Investments.

The Consultant may exercise the subscription rights attaching to the Warrants from the date of issue of the Warrants to the date falling on the 5th anniversary of the date of issue of the Warrants ("Exercise Period"). The exercising of the subscription rights attaching to the Warrants is conditional and subject to the performance results of the consultant's services, details as below:

(a) 20% of the total Warrants may be exercised if the internal rate of return for the Target Investments for that financial year shall be not less than 38%, and the return on investment of the Target Investments for that financial year shall be not less than RMB200 million, or HK$226 million equivalent;

(b) all outstanding Warrants may be exercised by the Consultant during the Exercise Period if the aggregate return on investment of the Target Investments during the exercise period has reached RMB1,000 million, or HK$1,130 million equivalent;

(c) all outstanding Warrants will be nullified and ceased to have effect if the Company fails to achieve and complete any Target Investment with the Consultant's assistance before 31 March 2018, or on the expiry of the Exercise Period.

Assuming the full exercise of the subscription rights attaching to the Warrants at the subscription price, it is expected that an additional gross amount of HK$446 million will be raised. The net proceeds (after deduction of all related expenses) will be used as the general working capital of the Company and for future investment pursuant to the investment objectives of the Company.

The Consultancy Agreement was approved by the shareholders of the Company in an extraordinary general meeting of the Company held on 30 March 2017.

The fair value of the Warrants is determined by the Directors by reference to the valuation calculated by the share option Binomial Model, which best represents the value of the consultation service received.

The conditions have not been met during the Year and hence, no Warrant was issued to the Consultant.

No service has been rendered by the Consultant for the year ended 31 March 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

30. MAJOR NON-CASH TRANSACTIONS

Except for the issue of unlisted warrants as disclosed in note 29, no other non-cash transactions were recorded in both years.

31. COMMITMENTS

(a) Capital commitment

Capital commitment contracted for at the end of the reporting period but not yet incurred is as follows:

		Group	
	Note	**2018** **HK$'000**	2017 HK$'000
Capital contribution to BEFS	i	**198,152**	–
Capital contribution to 東英騰華	ii	**111,461**	–
Capital contribution to Jin Dou Development Fund L.P. ("Jin Dou")	iii	**105,935**	104,905
Capital contribution to CCOP New Life	iv	**55,730**	–
Capital contribution to Zhong Wei Capital L.P. ("Zhong Wei")	v	**6,278**	12,433
Capital contribution to OP Fine Billion L.P.	vi	**5,000**	5,000

Note:

(i) According to "Shareholders' Agreement" signed between the Group, Beijing Enterprises Water Group and Shanghai Hengshi Wealth Investment Limited, the Group has committed to a further capital contribution of RMB160,000,000 (equivalent to HK$198,152,000) to BEFS. The capital will be drawn down on as-needed basis.

(ii) According to "Investment agreement" of 東英騰華, The Group has committed to a capital contribution of RMB90,000,000 (equivalent to approximately HK$111,461,000) to 東英騰華. The capital will be drawn down on as-needed basis.

(iii) According to the "Supplementary to Limited Partnership Agreement" signed between the Group and the limited partner of Jin Dou during the year ended 31 March 2012, the Group has committed to a further capital contribution of US$13.5 million (equivalent to approximately HK$105,935,000) to Jin Dou. The calling of the further capital contribution lies upon the future funding needs of Jin Dou.

(iv) According to the "sales and purchases agreement" signed by OP New Life, a wholly-owned subsidiary of the Group, the Group has committed to a capital contribution of RMB60,000,000 (equivalent to approximately HK$74,307,000) to CCOP New Life. During the Year, the Group has injected RMB15,000,000 and the remaining capital of RMB45,000,000 (equivalent to approximately HK$55,730,000) will be drawn down on as-needed basis.

(v) According to the "Second Amended and Restated Limited Partnership Agreement" signed by Profit Raider Investments Limited, a wholly owned subsidiary of the Group on 18 September 2015, the Group has committed to a capital contribution of US$2 million (equivalent to approximately HK$15,694,000) to Zhong Wei. Contributions will be made when capital call is issued by the general partner of the limited partnership. As at 31 March 2018, US$1,200,000 (2017: US$400,000) was called. The calling of the further capital contribution lies upon the future funding needs of the investment.

(vi) According to the "Exempted Limited Partnership Agreement" signed between OPFI GP(2) Limited, as the general partner, and the limited partner on 24 November 2015, the Group has committed to a capital contribution of HK$5 million. The capital will be drawn down on as-needed basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

31. COMMITMENTS (continued)

(b) Operating lease commitments

At 31 March 2018 and 31 March 2017, the total future minimum lease payments under non-cancellable operating leases for office premises and staff quarters are payable as follows:

	Group	
	2018 HK$'000	2017 HK$'000
Within one year	9,082	–
In the second to fifth years inclusive	9,210	–
	18,292	–

During the year ended 31 March 2017, the operating lease for office premises expired on 31 March 2017 and the renewal was approved at an extraordinary general meeting held on 26 May 2017 with effective date starts from 1 April 2017. The total commitment would be HK$27,247,000.

The operating lease for staff quarters was terminated during the year ended 31 March 2017.

32. RELATED PARTY TRANSACTIONS

During the Year, the Group had entered into the following significant related party transactions:

Transactions and balances with related parties

Name of related party	Nature of transactions	2018 HK$'000	2017 HK$'000
Oriental Patron Asia Limited ("OPAL") (note a)	Investment management fee paid/ payable (of which approximately HK$7,115,000 (2017: approximately HK$3,586,000) was included in other payables)	53,866	41,158
	Advisory fee paid	–	100
Oriental Patron Management Services Limited ("OPMSL") (note b)	Rental paid	8,958	6,654
Oriental Patron Securities Limited ("OPSL") (note c)	Placing commission	–	2,184
	Securities brokerage fee	1,362	812
Finance Center for South-South Cooperation Limited ("FCSSCL") (note d)	Subscription of promissory note	–	9,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

32. RELATED PARTY TRANSACTIONS (continued)

Transactions and balances with related parties (continued)

Notes:

(a) OPAL is the investment manager of the Company and is a wholly-owned subsidiary of Oriental Patron Financial Services Group Limited ("OPFSGL"). OPAL is considered as a related company of the Group as the directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have significant influence in OPFSGL.

Investment management fees were charged in accordance with the agreement with OPAL for investment management services. The investment management fee was calculated at 1.5% per annum on the Net Asset Value of the Group at each preceding month end as defined in the agreement.

On 10 March 2018, the Company agreed with OPAL to adjust the performance fee to zero.

Advisory fee was charged in accordance with service mandate signed with OPAL, based on time costs incurred.

(b) The Company, through a wholly-owned subsidiary, entered into a license agreement with OPMSL on 31 March 2011 in respect of the provision of the principal place of business of the Company. The agreement was renewed at monthly rental of HK$746,535, HK$756,520 and HK$767,504 for the years ending 31 March 2018, 2019 and 2020.

OPMSL is a related company as the directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have significant influence in OPMSL.

(c) OPSL is a related company as one of the directors, Mr. ZHANG Gaobo has significant influence in OPSL.

Placing commission were charged in accordance with the placing agreement signed with OPSL for placing agency services. It was charged at 2% of the aggregate placing consideration.

Securities brokerage fee is charged at 0.25% of the transaction proceeds.

(d) FCSSCL is a related party as one of the directors, Mr. ZHANG Zhi Ping owns 50% interest in FCSSCL.

Please refer to notes 20 and 23 for other related party balances and transactions.

Compensation of key management personnel

The key management personnel of the Company comprises all directors, details of their remuneration are disclosed in note 14 to the consolidated financial statements.

33. RETIREMENT BENEFITS SCHEME

The Group makes contributions to a defined contribution Mandatory Provident Fund Scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance which is available for all eligible employees in Hong Kong. The assets of the Scheme are held separately from those of the Group, in funds under the control of trustee. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

During the Year, the Group's contributions charged to profit or loss amounted to approximately HK$550,000 (2017: approximately HK$389,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

34. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	2018 HK$'000	2017 HK$'000
Non-current assets		
Fixed assets	149	–
Deferred tax assets	3,133	–
Investments in subsidiaries	99	<1
Amounts due from subsidiaries	1,450,649	858,138
Investments accounted for using equity method	183,845	61,264
Financial assets at fair value through profit or loss	9,500	9,500
	1,647,375	928,902
Current assets		
Financial assets at fair value through profit or loss	728,166	23,308
Debt investments	1,456,000	–
Accounts and loans receivable	933	42
Prepaid tax	12,837	–
Interest receivables	12,944	2,543
Prepayments and other receivables	9,576	622
Bank and cash balances	1,735,742	1,746,025
	3,956,198	1,772,540
TOTAL ASSETS	5,603,573	2,701,442
Capital and reserves		
Share capital	293,740	189,740
Reserves	4,935,893	2,493,665
TOTAL EQUITY	5,229,633	2,683,405
Current liabilities		
Other payables	13,642	4,827
Deposit received	240,000	–
Loan payable	52,058	–
Financial liabilities at fair value through profit or loss	58,310	–
Tax payables	–	13,210
	364,010	18,037
Non-current liabilities		
Financial liabilities at fair value through profit or loss	9,930	–
TOTAL LIABILITIES	373,940	18,037
TOTAL EQUITY AND LIABILITIES	5,603,573	2,701,442
NET ASSETS	5,229,633	2,683,405

Approved by the Board of Directors on 28 June 2018.

ZHANG Zhi Ping
Director

ZHANG Gaobo
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

34. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

Reserve movement of the Company

	Share premium HK$'000	**Share-based payment reserve** HK$'000	**Retained profits/ (accumulated losses)** HK$'000	**Total** HK$'000
At 1 April 2016	2,198,560	14,747	172,768	2,386,075
Vesting of share options	–	10,061	–	10,061
Issue of new shares	101,411	–	–	101,411
Dividend paid	–	–	(46,035)	(46,035)
Total comprehensive income for the Year	–	–	42,153	42,153
At 31 March 2017 and 1 April 2017	2,299,971	24,808	168,886	2,493,665
Vesting of share options	–	7,116	–	7,116
Issue of new shares	2,448,599	–	–	2,448,599
Dividend paid	–	–	(75,896)	(75,896)
Total comprehensive income for the Year	–	–	62,409	62,409
At 31 March 2018	**4,748,570**	**31,924**	**155,399**	**4,935,893**

The Board recommend the payment of a final dividend of HK 4 cents per share for the Year to the shareholders whose names are registered on the register of members of the Company at the close of business on 31 August 2018. The proposed final dividend will be paid on 7 September 2018 following approval at the forthcoming annual general meeting of the Company.

The Board recommended the payment of a final dividend of HK 4 cents per ordinary share for the year ended 31 March 2017.

The Company's reserves available for distribution comprise share premium, share-based payment reserve and retained earnings. In the opinion of the directors, the Company's reserves available for distribution to the shareholders at 31 March 2018 were approximately HK$4,935,893,000 (2017: HK$2,493,665,000).

(i) Share premium account

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company subject to the provisions of the Memorandum and Articles of Association and provided that the Company is able to pay its debts as they fall due in the ordinary course of business immediately following the distribution of dividends.

Please refer to note 26 for the details of the placement during both years.

(ii) Share-based payment reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees and other eligible participants of the Group recognized in accordance with the accounting policy adopted for equity-settled share-based payments in note 3 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

34. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

Reserve movement of the Company (continued)

(iii) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in fair value of available-for-sale financial assets held at the reporting date and is dealt with in accordance with the accounting policy in note 3 to the consolidated financial statements.

(iv) Surplus reserve

Surplus reserve According to the PRC Company Law, the PRC subsidiaries of the Group (excluding foreign investment enterprises) are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

35. INVESTMENTS IN SUBSIDIARIES

Details of the principal subsidiaries at 31 March 2018 are as follows:

Name of subsidiary	Place of incorporation and operation	Kind of legal entity	Issued and paid up capital	Effective interest held	Principal activity
Golden Investor Investments Limited	British Virgin Islands	Limited liability company	US$2	100%	Investment holding
Great Wonderful Limited	British Virgin Islands	Limited liability company	US$1	100%	Dormant
OP Capital Investments Limited	Hong Kong	Limited liability company	HK$1	100%	Investment holding
OP Felicity Limited	Hong Kong	Limited liability company	HK$1	100%	Investment holding
OPFI (GP1) Limited	Cayman Islands	Limited liability company	US$1	100%	Investment holding
OPFI GP(2) Limited	Cayman Islands	Limited liability company	HK$0.1	100%	Investment holding
OP Fintech Holdings Limited	Cayman Islands	Limited liability company	US$1	100%	Investment holding
OP Furnishings (1) Limited	British Virgin Islands	Limited liability company	US$1	100%	Dormant
OP Furnishings (3) Limited	British Virgin Islands	Limited liability company	US$1	100%	Dormant
OP Investment Service Limited	Hong Kong	Limited liability company	HK$1	100%	Management service
Prestige Power Global Limited	British Virgin Islands	Limited liability company	US$1	100%	Dormant
Profit Raider Investments Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
Prosper Gain Holdings Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
River King Investments Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
Silver Path Ventures Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

35. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and operation	Kind of legal entity	Issued and paid up capital	Effective interest held	Principal activity
Snowball Plan Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
South South Financial Investment Group Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
Spring Inside Limited	British Virgin Islands	Limited liability company	–	100%	Investment holding
Spring Kirin Limited	British Virgin Islands	Limited liability company	US$1	100%	Dormant
Suremind Investments Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
東英(平潭)投資有限公司	China	Limited liability company	US$30,000,000#	100%	Dormant
英奇投資(杭州)有限公司	China	Limited liability company	RMB83,159,818	100%	Investment holding
Apex Ridge Limited	British Virgin Islands	Limited liability company	US$1	100%*	Investment holding
Keynew Investments Limited	British Virgin Islands	Limited liability company	US$1	100%*	Investment holding
OP New Health Limited	Hong Kong	Limited liability company	HK$1	100%*	Investment holding
OP New Life Limited	Hong Kong	Limited liability company	HK$1	100%*	Investment holding
OP Vision Investments Limited	British Virgin Islands	Limited liability company	US$30	100%*	Investment holding
Peak Achiever Holdings Limited	British Virgin Islands	Limited liability company	US$1	100%*	Dormant
South South Financial Investment Group (HK) Limited	Hong Kong	Limited liability company	HK$1	100%*	Dormant
South South Green Energy Investments Limited	Hong Kong	Limited liability company	HK$1	100%*	Dormant
Wisland Investments Limited	British Virgin Islands	Limited liability company	US$1	100%*	Investment holding
World Master Global Limited	British Virgin Islands	Limited liability company	US$1	100%*	Investment holding
上海鑫途信息科技有限公司	China	Limited liability company	RMB15,000,000#	100%*	Management service
福州馬尾區隆鼎祥商貿有限公司	China	Limited liability company	RMB30,000,000#	100%*	Dormant

* Shares held indirectly by the Company

\# Capital registered but not paid up

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

35. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the principal subsidiaries at 31 March 2017 are as follows:

Name of subsidiary	Place of incorporation and operation	Kind of legal entity	Issued and paid up capital	Effective interest held	Principal activity
Golden Investor Investments Limited	British Virgin Islands	Limited liability company	US$2	100%	Investment holding
OP Capital Investments Limited	Hong Kong	Limited liability company	HK$1	100%	Investment holding
OPFI (GP1) Limited	Cayman Islands	Limited liability company	US$1	100%	Investment holding
OPFI GP(2) Limited	Cayman Islands	Limited liability company	HK$0.1	100%	Investment holding
OP Investment Service Limited	Hong Kong	Limited liability company	HK$1	100%	Management service
Panlink Investments Limited	British Virgin Islands	Limited liability company	US$1	100%	Dormant
Profit Raider Investments Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
Prosper Gain Holdings Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
River King Investments Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
Shen Jiang Holdings Limited	Hong Kong	Limited liability company	HK$100	100%	Investment holding
Suremind Investments Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
Apex Ridge Limited	British Virgin Islands	Limited liability company	US$1	100%*	Investment holding
Keynew Investments Limited	British Virgin Islands	Limited liability company	US$1	100%*	Investment holding
OP New Health Limited	Hong Kong	Limited liability company	HK$1	100%*	Investment holding
OP New Life Limited	Hong Kong	Limited liability company	HK$1	100%*	Investment holding
OP Vision Investments Limited	British Virgin Islands	Limited liability company	US$30	100%*	Investment holding
Peak Achiever Holdings Limited	British Virgin Islands	Limited liability company	US$1	100%*	Dormant
South South Green Energy Investments Limited	Hong Kong	Limited liability company	HK$1	100%*	Dormant
Wisland Investments Limited	British Virgin Islands	Limited liability company	US$1	100%*	Investment holding
World Master Global Limited	British Virgin Islands	Limited liability company	US$1	100%*	Dormant
上海赫奇企業管理咨詢有限公司	China	Limited liability company	US$30,000,000#	100%*	Dormant

* Shares held indirectly by the Company

\# Capital registered but not paid up

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

35. INVESTMENTS IN SUBSIDIARIES (continued)

On 11 January 2018, the Group disposed its 100% interests in a wholly-owned subsidiary, Shen Jiang Holdings Limited ("Shen Jiang Holdings") and its subsidiary – 上海赫奇 (the "Shen Jiang Group"). The transaction was completed on 11 January 2018. A realized loss of HK$483,000 is recognized in profit or loss from the disposal of the Shen Jiang Group. Details of the disposal are as follows:

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Loan receivable	689
Bank balances	671
Accrued expenses	(12)
Net assets disposed of	1,348
Loss on disposal of Shen Jiang Group:	
Consideration received	865
Net assets disposed of	(1,348)
Loss on disposal	(483)
Net cash outflow arising on the disposal:	
Cash consideration	–
Less: bank balances and cash disposal of	(671)
	(671)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

36. PARTICULARS OF MAJOR INVESTMENTS HELD BY THE GROUP

Particulars of investments held by the Group as at 31 March 2018 disclosed pursuant to Chapter 21 of the Listing Rules are as follows:

Name of equity securities/ debt securities	Nature of business	Proportion of investee's capital owned (%)	Cost HK$'000	Carrying amount HK$'000	Net asset attributable to the Group HK$'000	Dividend received HK$'000	Percentage of the Group's total assets (%)
Investments accounted for using equity method							
TUVL – ordinary shares	Asset Management	25%	351,671	490,736	490,736	18,379	#7.98%
CSOP – ordinary shares	Asset management	30%	60,000	150,320	150,320	31,440	2.44%
OP EBS Fintech – contribution	Internet finance	40%	156,255	156,255	156,255	–	2.54%
Available-for-sale financial assets							
OPIM/OPIMC – non-voting preference shares	Asset management	100%	52,123	51,709	51,709	–	0.84%
Xiaoju Kuaizhi Inc. ("Xiaoju") – preference shares	Mobile transportation platform	<1%	116,445	156,825	156,825	–	2.55%
Financial assets at fair value through profit or loss							
Victorian Investment Limited Partnership – contribution	Pharmaceutical and healthcare	46.15%	234,795	235,410	235,410	–	#3.83%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

36. PARTICULARS OF MAJOR INVESTMENTS HELD BY THE GROUP (continued)

Particulars of investments held by the Group as at 31 March 2018 disclosed pursuant to Chapter 21 of the Listing Rules are as follows: (continued)

Name of equity securities/ debt securities	Nature of business	Proportion of investee's capital owned (%)	Cost HK$'000	Carrying amount HK$'000	Net asset attributable to the Group HK$'000	Dividend received HK$'000	Percentage of the Group's total assets (%)
Financial assets at fair value through profit or loss (continued)							
Telling Telecommunication Holding Co., Ltd. – listed securities	Tele-communication	1.55%	206,032	191,502	191,502	–	#3.11%
Guardforce Holdings (HK) Limited ("Guardforce") – exchangeable bond	Security solutions provider	Not applicable	116,370	166,939	166,939	–	#2.71%
Sino Stature Investments Limited – non-voting preference shares	Heavy equipment manufacturing	100%	218,821	257,442	257,442	–	#4.19%
Debt investments							
Debenture A	Investment holding	Not applicable	284,000	284,000	284,000	–	#4.62%
Debenture B	Investment holding	Not Applicable	250,000	250,000	250,000	–	#4.07%
Debenture C	Investment holding	Not Applicable	370,000	370,000	370,000	–	#6.02%
Debenture D	Investment holding	Not Applicable	312,000	312,000	312,000	–	#5.07%
Debenture E	Investment holding	Not applicable	240,000	240,000	240,000	–	#3.90%

Represents ten largest investments as at 31 March 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

36. PARTICULARS OF MAJOR INVESTMENTS HELD BY THE GROUP (continued)

Particulars of investments held by the Group as at 31 March 2017 disclosed pursuant to Chapter 21 of the Listing Rules are as follows:

Name of equity securities/ debt securities	Nature of business	Proportion of investee's capital owned (%)	Cost HK$'000	Carrying amount HK$'000	Net asset attributable to the Group HK$'000	Dividend received HK$'000	Percentage of the Group's total assets (%)
Investments accounted for using equity method							
CSOP – ordinary shares	Asset management and investment holding	24%	61,264	132,188	132,188	–	#4.35%
TUVL– ordinary shares	Asset management	25%	351,671	504,912	504,912	–	#16.63%
Available-for-sale financial assets							
OPIM/OPIMC – non-voting preference shares	Asset management	100%	52,123	42,389	42,389	–	#1.40%
Thrive World Limited – ordinary shares	Upstream oil producer	10%	232,648	124,714	124,714	–	#4.11%
Xiaoju – preference shares	Mobile transportation platform	<1%	116,445	116,561	116,561	–	#3.84%
Tsingdata Holdings L.P. – contribution	Online marketing platform	47.3%	23,272	23,312	23,312	–	#0.77%
Financial assets at fair value through profit or loss							
Guardforce – exchangeable bond	Security solutions provider	Not applicable	116,370	137,764	137,764	–	#4.54%
Finance Center For South-South Cooperation Limited – promissory note	Comprehensive solution plans provider for South-South Cooperation projects	Not applicable	9,500	9,500	9,500	–	#0.31%
Sinagri Yingtai – contribution	Research and production of anti-microbial peptides	14.55%	85,383	85,785	85,785	–	#2.83%
Forthwise Limited – promissory note	Trading of audio equipment	Not applicable	10,000	10,000	10,000	–	#0.33%

Represents ten largest investments as at 31 March 2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

37. CONTINGENT LIABILITIES

At 31 March 2018, the Group had given guarantees in respect of the settlement of RMB20,000,000 (equivalent to HK$24,769,000) (2017: Nil) 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, a potential investee of the Company. 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 recognized at the inception of the guarantee contracts and at the end of the Year.

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Loan payables HK$'000	**Interest payable** HK$'000	**Dividend payable** HK$'000	**Total liabilities from financing activities** HK$'000
At 1 April 2017				
Proceeds from loans	125,066	–	–	125,066
Interest paid	–	(3,126)	–	(3,126)
Dividend paid	–	–	(75,896)	(75,896)
Total changes from financing cash flows	125,066	(3,126)	(75,896)	46,044
Other changes:				
Dividend declared	–	–	75,896	75,896
Interest accrued	–	5,458	–	5,458
Exchange difference	2,909	–	–	2,909
Total other changes	2,909	5,458	75,896	84,263
At 31 March 2018	127,975	2,332	–	130,307

Comparative figures are not required as this is the first year of disclosure.

39. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current year's presentation.

40. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board on 28 June 2018.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out below. This summary does not form part of the audited financial statements.

	Year ended 31 March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Turnover	**430,744**	428,550	437,942	282,647	234,898
Revenue	**125,437**	101,607	29,492	31,805	30,488
Profit before tax	**136,262**	201,270	44,137	1,763	61,968
Taxation	**7,158**	(13,210)	20	(4,714)	(14,748)
Profit/(loss) for the year	**143,420**	188,060	44,157	(2,951)	47,220
Other comprehensive income	**52,730**	17,060	(4,503)	(10,898)	6,440
Total comprehensive income	**196,150**	205,120	39,654	(13,849)	53,660

	At 31 March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**6,149,840**	3,036,148	2,657,712	1,292,577	1,353,222
Total liabilities	**(554,982)**	(121,648)	(19,369)	(25,721)	(26,603)
Net assets	**5,594,858**	2,914,500	2,638,343	1,266,856	1,326,619