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OP FINANCIAL LIMITED

東英金融有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1140)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

RESULTS

The board of directors (the “Board” or the “Directors”) of OP Financial Limited (formerly known as OP Financial Investments Limited) (the “Company” or “OP Financial”) and its subsidiaries (the “Group”) is pleased to present to the shareholders the audited consolidated results of the Group for the financial year ended 31 March 2018 (the “Year”) together with comparative figures for the last financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

| | <i>Note</i> | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|--|-------------|--------------------------------|-------------------------|
| Turnover | 3 | 430,744 | 428,550 |
| Revenue | 3 | 125,437 | 101,607 |
| Other income | | 12,558 | 2,216 |
| Net change in unrealized gain/(loss) on financial assets at fair value through profit or loss | | | |
| – 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 | | 37,861 | (25,353) |
| Net realized gain on disposal of investments | | 49,113 | 125,741 |
| Loss on disposal of a subsidiary | | (483) | – |
| Impairment loss on available-for-sale financial assets | | (3,353) | (49,927) |
| Equity-settled share-based payments | | (7,116) | (10,061) |
| Operating and administrative expenses | 6 | (165,417) | (90,970) |

* For identification purposes only

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**
FOR THE YEAR ENDED 31 MARCH 2018

| | <i>Note</i> | 2018 HK\$'000 | 2017 HK\$'000 |
|---|-------------|--------------------------------|------------------|
| Profit from operations | | 88,967 | 16,078 |
| Finance costs | | (3,126) | – |
| Share of results of investment accounted for using equity method | | 50,421 | 187,288 |
| Impairment loss on investment in an associate | | – | (2,096) |
| Profit before tax | | 136,262 | 201,270 |
| Taxation | 5 | 7,158 | (13,210) |
| Profit for the Year | 6 | 143,420 | 188,060 |
| Other comprehensive income | | | |
| <i>Items that may be reclassified to profits or loss</i> | | | |
| Available-for-sale financial assets: | | | |
| Fair value changes | | 48,903 | (32,571) |
| Impairment loss | | 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 | 7(a) | 6.77 cents | 10.15 cents |
| Diluted | 7(b) | 6.72 cents | 10.12 cents |
| Proposed final dividend per share | | 4 cents | 4 cents |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2018

| | <i>Note</i> | 2018 HK\$'000 | 2017 <i>HK\$'000</i> |
|--|-------------|--------------------------------|-------------------------|
| Non-current assets | | | |
| Fixed assets | | 594 | 294 |
| Deferred tax assets | | 3,133 | – |
| Investments accounted for using equity method | | 1,015,689 | 644,123 |
| Available-for-sale financial assets | | 346,804 | 322,039 |
| Financial assets at fair value through profit or loss | | 352,422 | 239,912 |
| | | <u>1,718,642</u> | <u>1,206,368</u> |
| Current assets | | | |
| Financial assets at fair value through profit or loss | | 1,082,874 | 35,258 |
| Debt investments | | 1,456,000 | – |
| Accounts and loans receivable | 8 | 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 |
| | | <u>4,431,198</u> | <u>1,829,780</u> |
| TOTAL ASSETS | | <u>6,149,840</u> | <u>3,036,148</u> |
| Capital and reserves | | | |
| Share capital | | 293,740 | 189,740 |
| Reserves | | 5,301,118 | 2,724,760 |
| TOTAL EQUITY | | <u>5,594,858</u> | <u>2,914,500</u> |
| Current liabilities | | | |
| Accounts payable | | 69,353 | 63,210 |
| Other payables | | 14,694 | 5,197 |
| Deposit received | 9 | 240,000 | – |
| Loan payable | 10 | 127,975 | – |
| Financial liabilities at fair value through profit or loss | | 58,310 | – |
| Tax payable | | 14,678 | 27,888 |
| | | <u>525,010</u> | <u>96,295</u> |
| Non-current liabilities | | | |
| Financial liabilities at fair value through profit or loss | | 29,972 | 25,353 |
| TOTAL LIABILITIES | | <u>554,982</u> | <u>121,648</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>6,149,840</u> | <u>3,036,148</u> |
| NET ASSETS | | <u>5,594,858</u> | <u>2,914,500</u> |
| Net asset value per share | 11 | <u>HK\$1.90</u> | <u>HK\$1.54</u> |

NOTES

1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (“Stock Exchange”) and by the Hong Kong Companies Ordinance.

The 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.

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 Group has adopted all the relevant new and revised 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.

(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.

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. 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. 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 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| 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 |
| | <u>125,437</u> | <u>101,607</u> |

4. SEGMENT INFORMATION

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

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

Geographical information:

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

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 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| 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.

5. 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 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Hong Kong Profits Tax | – | 13,210 |
| Over-provision of Hong Kong Profits Tax for previous year | (4,025) | – |
| Deferred tax assets recognized | (3,133) | – |
| | <u>(7,158)</u> | <u>13,210</u> |

- (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 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Profit before tax | <u>136,262</u> | <u>201,270</u> |
| 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 | <u>(7,158)</u> | <u>13,210</u> |

6. PROFIT FOR THE YEAR

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

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| 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 |
| | <u>66,113</u> | <u>39,003</u> |

7. 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) | <u>143,420</u> | <u>188,060</u> |
| Weighted average number of ordinary shares in issue (in thousand) | <u>2,116,958</u> | <u>1,853,517</u> |
| Basic earnings per share | <u>6.77 cents</u> | <u>10.15 cents</u> |

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of 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) | <u>143,420</u> | <u>188,060</u> |
| Weighted average number of ordinary shares in issue (in thousand) | <u>2,116,958</u> | 1,853,517 |
| Adjustments for share options (in thousand) | <u>18,351</u> | <u>4,092</u> |
| | <u>2,135,309</u> | <u>1,857,609</u> |
| Diluted earnings per share | <u>6.72 cents</u> | <u>10.12 cents</u> |

8. ACCOUNTS AND LOANS RECEIVABLE

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

| | | |
|----------------|--------------------------------|-------------------------|
| (a) | 2018 HK\$'000 | 2017 HK\$'000 |
| Unsecured loan | <u>74,307</u> | <u>–</u> |

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 | <u>3,924</u> | <u>–</u> |
| | <u>7,878</u> | <u>3,886</u> |

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.

9. DEPOSIT RECEIVED

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

10. LOAN PAYABLE

| | | |
|-----------------------------------|--------------------------------|-------------------------|
| | 2018 HK\$'000 | 2017 HK\$'000 |
| Bank borrowing (<i>note a</i>) | 52,058 | – |
| Other borrowing (<i>note b</i>) | <u>75,917</u> | <u>–</u> |
| | <u>127,975</u> | <u>–</u> |

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 上海赫奇企業管理諮詢有限公司 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.

11. 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).

12. COMPARATIVE FIGURES

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

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.

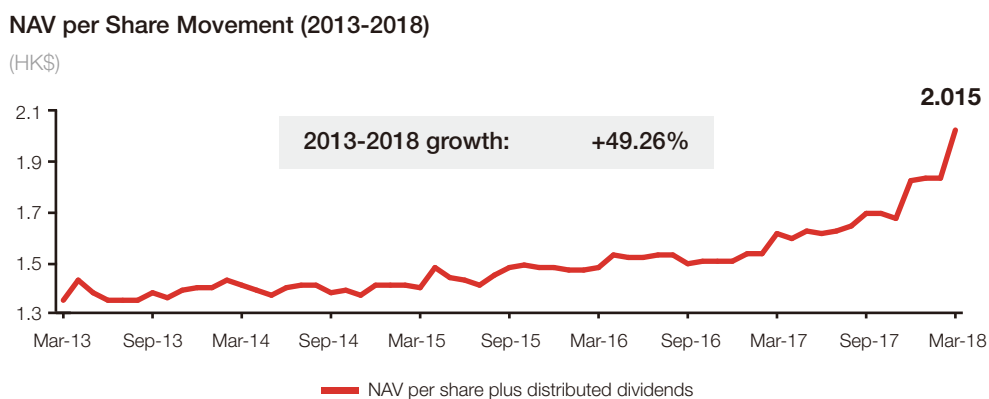
We believe a long-term investment perspective is a critical enabler of responsible investment. The close integration between industries and financial capital has become an irresistible trend. Our mission is to identify great companies and enhancing their performance by providing patient capital and support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

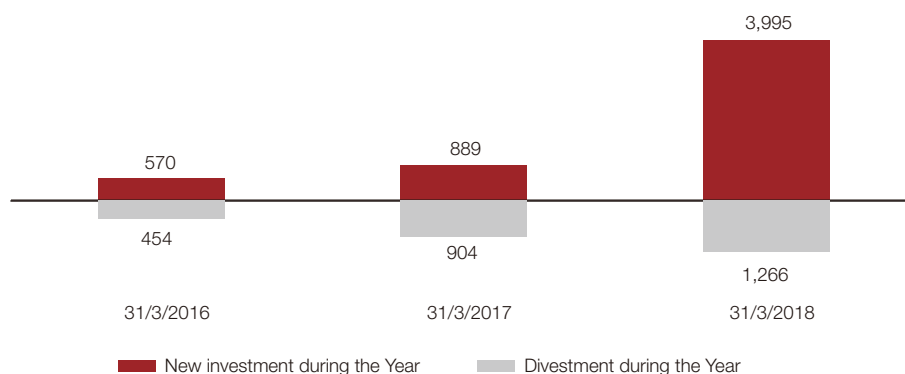


INVESTMENT REVIEW

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)
(HK\$ million)

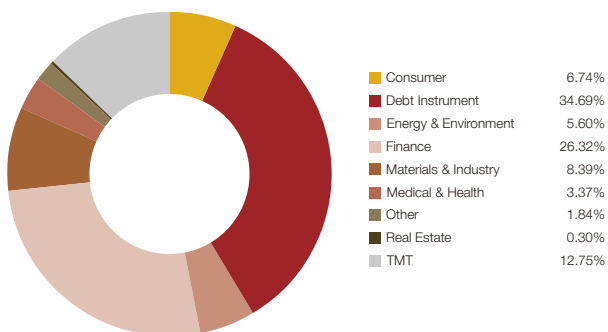


Portfolio Breakdown

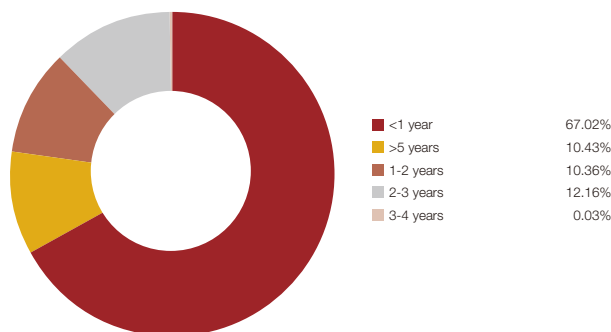
We divide our strategy into three categories, namely long-term core holding, mid-term private equity and venture capital, and short-term arbitrage and others. The core holding strategy, our first focus, takes advantage of the Group's ability to be long-term. We uncover companies with high potential of 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 Qinquangdao Tianye Tolian. Towards the end of the Year, we also stepped up our investments on mispriced and other short-term opportunities.

By Sector



By Holding Period



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.

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.

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 related 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.

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 of antibiotic feed additives.

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 arbitrage opportunities and enhance liquidity. As of 31 March 2018, OP Financial’s holding in debt instruments amounted to HK\$1.48 billion. The issuers of the debt instruments mainly engaged in the finance industry.

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 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| 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.

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), 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 | 2017 |
|--------------------------------|-----------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| 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) |
| | <hr/> | <hr/> |
| Fair value increase/(decrease) | 48,903 | (32,571) |
| | <hr/> | <hr/> |

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 31 August 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 30 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 <i>(HK\$ million)</i> | Divestment/ Disposal <i>(HK\$ million)</i> |
|---|--|--|
| 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 |
| | <hr/> | <hr/> |
| Total | 3,995 | 1,266 |

SEGMENT INFORMATION

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

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 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 10 on page 10 of this announcement.

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.

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.

CORPORATE GOVERNANCE CODE (“CG 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, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

REVIEW OF THE ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The figures in respect of the annual results announcement of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the 2018 Financial Year have been agreed by the Group’s auditor, Messrs. PricewaterhouseCoopers, to the amounts set in the Group’s audited consolidated financial statements for the 2018 Financial Year. The work performed by Messrs. PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. PricewaterhouseCoopers on the annual results announcement.

FORWARD-LOOKING STATEMENTS

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

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.opfin.com.hk). The Group's annual report for the Year will be dispatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong SAR, 28 June 2018

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