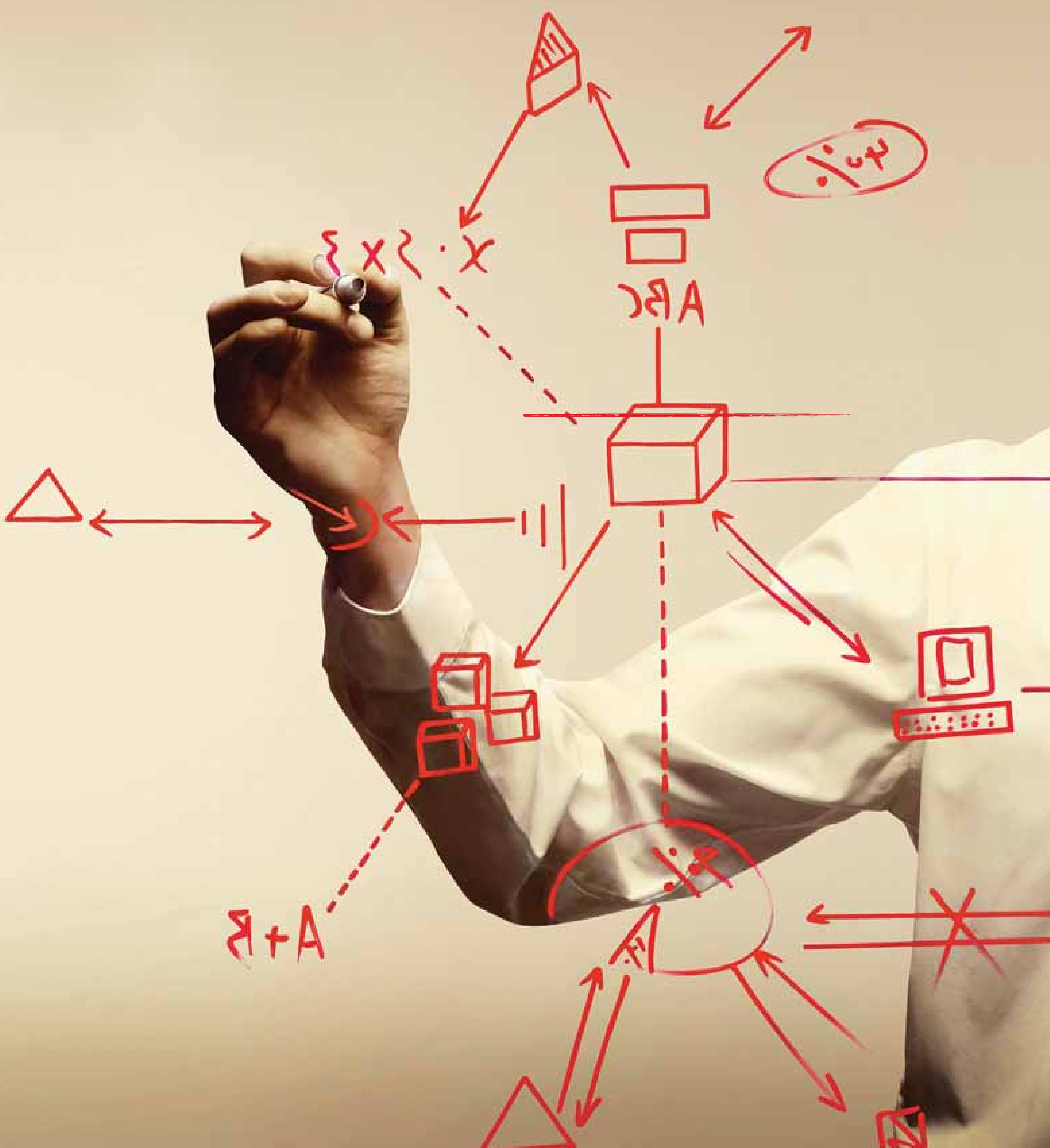
東英 ORIENTAL PATRON

OP Financial Investments Limited

Stock Code: 1140

"capital@work"

Annual Report 2012



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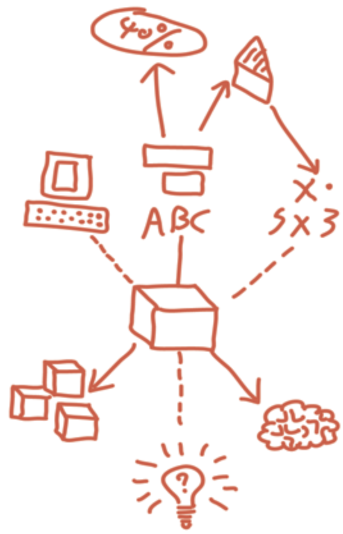


Forward-Looking Statements
This annual report contains certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of directors of the Company regarding the 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 *(Chairman)*
Mr. ZHANG Gaobo *(Chief executive officer)*

Non-executive Director
Mr. LIU Hongru (resigned on 14 June 2012)

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 *(Chairman)*
Mr. ZHANG Gaobo
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
Mr. KWONG Che Keung, Gordon
Mr. WANG Xiaojun

AUTHORISED REPRESENTATIVES
Mr. ZHANG Gaobo
Ms. TAM Yuen Wah

COMPANY SECRETARY
Ms. TAM Yuen Wah

INVESTOR RELATIONS OFFICER
Mr. FAN Makay, Alvin

INVESTMENT MANAGER
Oriental Patron Asia Limited

AUDITOR
PricewaterhouseCoopers

PRINCIPAL REGISTRARS
Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

BRANCH REGISTRARS
Tricor Abacus Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
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
Standard Chartered Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
Bank of Communication Co., Ltd. Hong Kong Branch
China Construction Bank (Asia) Corporation Limited

CUSTODIAN
Standard Chartered Bank (Hong Kong) Limited

STOCK CODE
The Stock Exchange of Hong Kong Limited
Code: 1140

WEBSITE
www.opfin.com.hk

Chairman's Statement

Dear Shareholders,

In the financial year 2012, our net assets remained stable at HK$1.54 billion compared to HK$1.59 billion last year. We incurred a net loss of HK$42.6 million reduced from a loss of HK$233.3 million last year.

Our ability to recover in light of volatile public markets is evidence that we have the right strategy, a progressive culture, and a resilient team. We are focused on protecting shareholder value, growing our assets organically, and nurturing partnerships that matter.

However, our annualised stable performance should not detract away from the progress of our underlying assets. We are weathering through history's most profound financial crisis in which many investors fallen and countries continue to struggle. Indeed, this is because we have an inherently diverse portfolio, but more importantly, it's because our investees are fundamentally strong, their management teams both nimble and decisive.

In 2011, the US economy resurfaced with the help of a prosperous tech industry, better than expected jobless rates, and strengthened property prices encouraged global stock markets. However, recent resurging political challenges surrounding the European debt crisis derailed over three months of gains. Here in Hong Kong, soft rallies in the market accompanied by low trading volumes was evidence that investors were not convinced. Results from Chinese manufacturers indicated slowing growth linked to overwhelming uncertainty from the European debt crisis.

These challenging conditions resulted in declines in our public equity funds and incubation platform. Fortunately, capital protective structuring combined with fundamental growth in our private equity positions and partnerships with major players helped offset these losses.

Kaisun's share price declined this year, but its disposal of its Inner Mongolian mining assets gives the company a much stronger cash position. This means greater buying power in an opportunistic environment. Kaisun has also earmarked sufficient proceeds to repay the borrowing portion of our convertible bond, returning capital contributing to an ROI of over 100%. This is a great example of how our investments are structured to protect returns despite volatile markets.

Chairman's Statement

Our second major private equity position, Nobel Oil, has reached a major milestone by turning profitable this year. Its operational progress alongside recovering oil prices translate into a stronger valuation. Our co-investor, China Investment Corporation ("CIC"), whom we introduced to the investee in 2009, continues to support Nobel. The project is now self-sustainable and cash flow healthy. Nobel is a classic case of how we add value to our investments.

Meichen Finance, our investment in the Chinese insurance brokerage sector, has also hit a milestone year in revenues and profitability. Naturally, the good news has attracted new investors, and the company is raising fresh expansionary capital. Meichen is growing into a nationwide provider, and we're excited to be part of this growth story. Now with the additional support of institutional co-investors, Meichen hopes to list in the next three years.

Our second project with CIC, Jin Dou, is an agri-tech investment project based in Kazahkstan. Trials last year were successful, and we have agreed to a new budget of US$300 million over the next three years. We are seeing new opportunities in Central Asia stemming from our deepened involvement there.

Our partnership with China Southern Fund Management Company continues to deliver returns. Our joint venture investment company, CSOP, expanded their product portfolio with the flagship Shen Zhou RMB fund, one of the first SFC regulated RQFII products in Hong Kong. CSOP continues to impress us with its innovations, and together we hope to bring new products to market in Q4, 2012.

In retrospect, we are very pleased with the results, and we believe our strategic conviction is yielding progress at the most fundamental level. We have a great portfolio, and our investee companies are stronger than ever. Like them, we have also maintain a strong cash position and low gearing to take advantage of new deals as they surface. Now that our assets have been put to the test and proven resilient, we can look forward with conviction. Share prices certainly do not reflect this progress yet, but we are convinced, more than ever, that we are at the inflection point of remarkable growth that will deliver genuinely sustainable returns.

Sincerely yours,
ZHANG ZHI PING

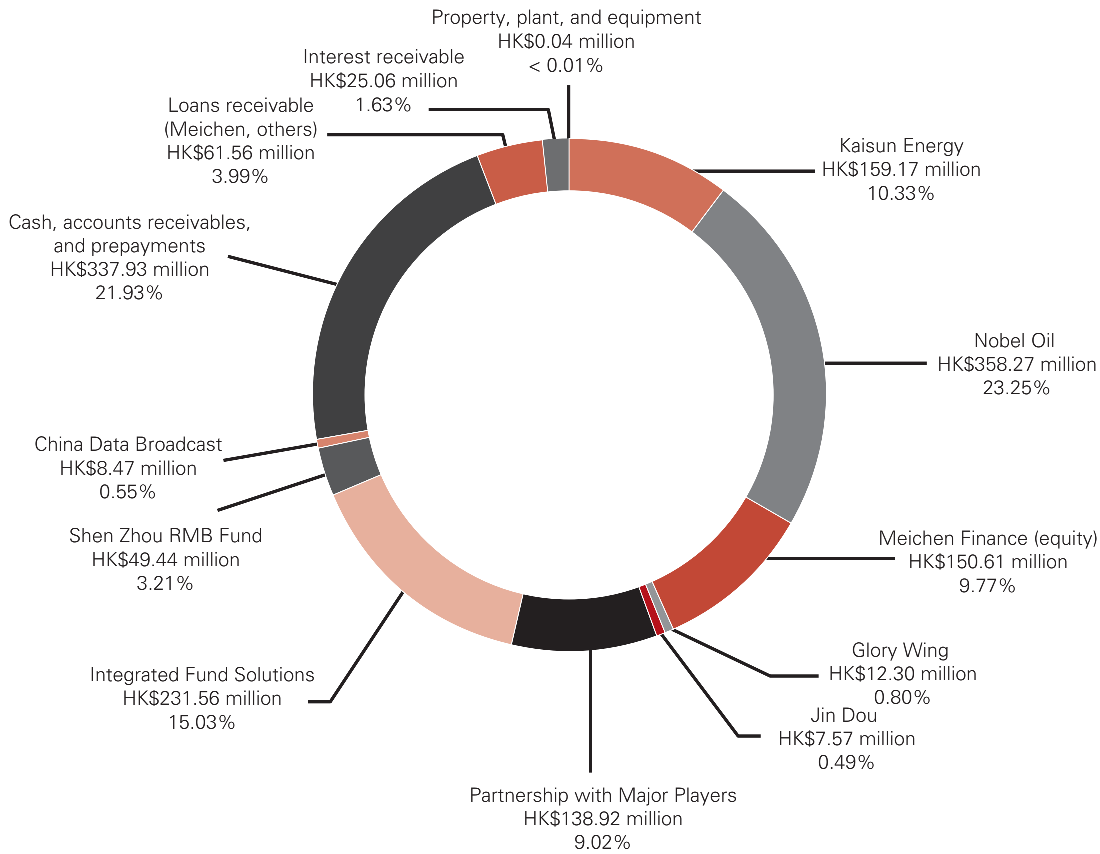
Management Discussion and Analysis

INTRODUCTION

OP Financial Investments Limited ("OP Financial" or "the Group") is a Hong Kong listed Investment Company with the mandate allowing us to invest in various assets, financial instruments, and businesses globally. We produce medium to long term shareholder returns by developing customised investment solutions for and alongside institutional and corporate investors in the region. Our co-investors are mainly large financial institutions and organizations targeting either high growth opportunities within China or strategic investments outside the region. We also invest in funds of listed and unlisted equities to generate diversified returns. Over time, these funds will serve as the foundation of a marketable proprietary financial services platform for attracting new investment partners.

Our two main investment focuses include Direct Investment Solutions and the development of our Financial Services Platform. Direct Investment Solutions, includes direct proprietary and syndicated investments. These investments focus on strategic resources and related businesses globally, but they may also include high growth medium-size businesses in China. The Financial Services Platform includes: (i) "Partnerships with major players"; these are joint ventures with financial institutions, and (ii) "Integrated Fund Solutions"; which focuses on developing asset managers, and fund incubation strategies.

Investment holdings by source
Total assets HK$1.541 billion (as at 31 March 2012)



Management Discussion and Analysis

DIRECT INVESTMENT SOLUTIONS

Kaisun Energy Group Limited ("Kaisun Energy") is an integrated coking coal producer which operates and controls a coal and anthracite mine with total reserves of 17.5 million tonnes and 158 million tonnes respectively. The mines are based in Tajikistan. As at 31 March 2012, Kaisun Energy's share price closed at HK$0.225 per share down from HK$0.41 per share as at 31 March 2011. We currently hold 132.1 million ordinary shares of the company with a carrying amount of HK$29.72 million. Our main exposure is the convertible bond, which (including accrued interest income) is worth HK$153.55 million down from HK$169.34 million from 2011.

On 22 December 2011, Kaisun Energy met all conditions required for the completion of the sale of its 70% equity interest in Inner Mongolia Mineral Ltd., which operates the Mengxi Mine to Otog Banner Xin Ya Coking Coal Co. Ltd., for a cash consideration of HK$976 million.

Kaisun Energy has earmarked sufficient proceeds to meeting repayment obligations for our convertible bond. Given that Kaisun Energy's shares are trading below the HK$0.70 per share conversion price of our convertible bond, we do not intend to exercise the conversion option.

Including cash dividends, shares redeemed and performance premium received since September 2009 totalling over HK$126.33 million plus our current investment exposure of HK$183.27 million equals to HK$309.60 million in total value. Against our initial cash consideration of HK$145.96 million, this represents a return of over 112% over its four year tenure.

Nobel Oil

The Group holds a co-investment vehicle with China Investment Corporation ("CIC"), called Thrive World Ltd. It cumulatively represents a 50% equity interest in Nobel Holdings Investments Ltd ("Nobel Oil") initiated September 2009. As one of the largest independent upstream producers in Russia, Nobel Oil's principal assets are its nine subsoil licenses covering seven oil fields, in varying stages of development and production, and two exploration areas. According to the latest reserve report, it holds aggregated reserves of 118.6 million barrels (MMbbls) of proved, 237.4 MMbbls of proved and probable and 466.2 MMbbls of proved, probable and possible reserves.

The value of our effective holding of 5% in Nobel Oil increased from HK$332 million to HK$358.27 million. Unaudited results of Nobel Oil for the year ended 31 December 2011 show improvements in turnover from US$158 million to US$232 million; and improvements in profitability from a loss of US$1.7 million to a profit of US$30.1 million.

Considering the volatility of the current market, Nobel has postponed listing plans this year.

Meichen Finance

In 2009, we invested HK$45.45 million in Meichen Finance Group ("Meichen"), a rapidly growing insurance agency and brokerage in China. In 2010, OP Financial facilitated a shareholder's loan of RMB52 million, which was used to finance Meichen's acquisitions. Held via investment vehicle, Crown Honor Holdings Ltd, our net position has since grown to HK$207.17 million as at 31 March 2012 (31 March 2011: HK$163.72 million), which includes both our equity interest and shareholder's loan. Adding back the principal and interest received of HK$9.97 million against our initial investment cost (equity and debt) of HK$106 million, our investment in Meichen registers a net gain of 104.8% since inception.

For its year ended 31 December 2011, Meichen continued to grow at a rapid pace and sold 1.35 million policies for the year, generating RMB440.57 million in revenues, growing 87% compared to last year. Meichen recorded a net profit of RMB60.67 million, a 66.2% gain compared to last year.

Meichen now distributes insurance products from 61 insurance companies. It represented only 21 companies in 2010. These companies include Ping An, China Life, and China Pacific. Originally servicing automotive insurance sector primarily in Guangdong, Meichan has expanded its catalogue to over 10 major cities in China. Meichen is in a unique position to capitalise on growing consumer demand and a relatively fragmented market. It has successfully diversified its offerings from auto insurance into property, life, and accidental insurance. Of the total policies sold in 2011, property insurance sales exceeded those of auto insurance accounting for 47% and 40%, respectively.

Management Discussion and Analysis

Meichen is currently raising capital of RMB200 million to finance its future expansion and repayment of our outstanding RMB45 million shareholder loan as at 31 March 2012. The new investors agreed to a subscription price based on 2012 forward earnings of RMB90 million and post-money valuation of RMB920 million, including a target to list the company on China's domestic exchange within three years.

Glory Wing

Glory Wing International Ltd ("Glory Wing") is an investment vehicle whose core position is an iron ore mining operation called the Taolegai Mine, located in Inner Mongolia. Glory Wing invested a total of HK$70 million in the project in the form of convertible bonds, of which OP Financial's allocation is HK$10 million.

Based on John T. Boyd Company's (JTB) current reports, the Taolegai Mine holds measured and indicated resources of 3.19 million tonnes at an average grade of 50.4% Fe. Measured, indicated and inferred resources total 5.64 million tonnes.

Jin Dou

In September 2010, we formed a co-investment vehicle with CIC, named Jin Dou Development Fund L.P. ("Jin Dou"), whose purpose is to explore agricultural investment opportunities in Kazakhstan and other Commonwealth of Independent States. Management is working alongside local partners to develop the country as a new food source to meet the growing demand from Central and East Asia. CIC and OP Financial contributed to the project US$15 million and US$1.5 million, respectively, whose proceeds funded feasibility trials to assess crop yield diversification.

With its successful trials in 2011, Jin Dou is commencing project plans for commercial food production. The crop diversification plan expanded from soy beans to additional staple vegetation depending on the land characteristics and meteorological conditions. CIC and OP Financial additionally committed US$285 million and US$13.5 million respectively. The project targets commercial production on over 100,000 hectares of arable land over three years. This requires investments in agri-technology, infrastructure, and logistics.

FINANCIAL SERVICES PLATFORM

Partnerships with Major Players

We have investments in four asset management companies with total assets under management and advisory of approximately HK$7.4 billion compared to HK$6.2 billion last year. Aggregate results of the four companies attributable to the Group were approximately HK$4.28 million for the year.

Our partnering fund managers faced a market that had struggled to recover from 2010 despite a strong performance in the first three months of 2012. The bearish environment was prevalent and the market was threatened by the possible default of Greece.

In addition to the Shen Zhou RMB Fund, which grew to AUM of HK$759 million by 31 March 2012, CSOP also launched three additional Cayman offshore USD funds totalling more than HK$531 million.

Integrated Fund Solutions

Part of the Group's strategy is to build a proprietary asset management platform and incubate or acquire funds with a strong track record and sound management. We provide seed capital infrastructure, technology, and administrative support to fund managers, allowing them to focus on building performance. The Group maintains investments in three funds managed by the OP Investment Management Ltd and OP Investment Management (Cayman) Limited (Collectively "OPIM"). These funds fell by approximately HK$49.40 million from HK$280.96 million as at 31 March 2011 to HK$231.56 million as at 31 March 2012, a decline of 17.58%.

OP Financial also holds non-controlling preference shares in OPIM. Our position fell to HK$48.70 million from HK$75.60 million during the year.

In Q1 of 2012, two new funds with total net assets of US$48 million were managed by OPIM: Maori Capital, a US$30 million fund from Singapore and Bonzai capital (a US$18 million fund, which is up 6% YTD). OPIM plans to expand its platform business, improve its infrastructure, and establish vertically integrated acceleration capabilities.

Management Discussion and Analysis

FINANCIAL REVIEW

Financial position

Net asset value: The Group's net assets as at 31 March 2012 decreased 3.15% from HK$1.59 billion to HK$1.54 billion during the year. Meanwhile, the NAV per share decreased from HK$1.69 to HK$1.63 during the year mainly due to revaluations of investments.

Gearing: The gearing ratio, which is calculated on the basis of total liabilities over total equity as at 31 March 2012, was 0.002 (31 March 2011: 0.005). We are currently maintaining a low leverage policy for our investments. While some debt financing instruments may be used at the investment level, we still expect to maintain debt to a minimum at the Group level in the coming year.

Investments in associates: Representing mainly our share of the net assets of joint venture asset management companies, CSOP Asset Management Limited and Guotai Junan Fund Management Limited. Assets increased by 4.92% to HK$90.22 million as at 31 March 2012 (31 March 2011: HK$85.99 million) reflecting stable operating performance of our investees for the year.

Available-for-sale financial assets: A 5.04% decrease from HK$662.65 million to HK$629.26 million during the year was mainly the net result of: i) the increase in value of our investment in Nobel Oil, and ii) the decline in value of our investments in Kaisun Energy and OPIM. The value of Nobel Oil, an unlisted investment benefited from recovered oil prices.

Financial assets at fair value through profit or loss: The HK$24.45 million increase from HK$372.38 million to HK$396.83 million during the year ended 31 March 2012 was primarily due to: (i) the HK$19.94 million decline in value for the derivative component of our Kaisun Energy convertible bond by 95.96% from HK$20.78 million to HK$0.84 million; (ii) the HK$49.40 million decline in value of our investments in funds by 17.58% from HK$280.96 million to HK$231.56 million; and (iii) the HK$5.18 million decline in value of our Glory Wing convertible bond from HK$17.48 million to HK$12.30 million. (iv) An increase of HK$49.80 million accounts for the fair value change of an embedded-derivative linked to our equity in Meichen. It previously served as a hedge for our position and has since been renegotiated with management in light of the company's positive progress. (v) A HK$49.32 million accounts for a new investment in CSOP's Shen Zhou RMB Fund made during the year.

Loan receivables: Our shareholder's loan to Meichen of HK$56.56 million accounted for most of the HK$61.56 million loans receivable. The shareholder's loan matured on 31 December 2011. The repayment of the loan will be financed by the proceeds of Meichen's new shares which expected to be completed in the coming year.

Interest receivable: Comprising the accrued interest of our convertible bond investments in Glory Wing, Kaisun Energy, and loan to Meichen. The amount has increased 59.11% from HK$15.75 million as at 31 March 2011 to HK$25.06 million as at 31 March 2012.

Bank and cash balances: As at 31 March 2012, the Group had bank deposits and cash balances of HK$314.32 million (31 March 2011: HK$376.91 million).

Management Discussion and Analysis

RESULTS

The Group has made significant developments in our direct investment projects. However, challenging market conditions created a difficult environment for our main investments in Kaisun Energy and investment funds, directly affecting our performance for this year. The Group incurred a net loss of HK$42.63 million (2011: net loss of HK$233.33 million), which includes an impairment of HK$25.2 million in Kaisun Energy's ordinary shares as well as a fair value loss of HK$19.94 million on the conversion portion of Kaisun Energy's convertible bond. Consequently, net assets fell to approximately HK$1.54 billion, or a net decrease of 3.15%. The Group incurred a basic loss per share of HK$4.53 cents for the year ended 31 March 2012 compared to a loss per share of HK$25.85 cents for the year ended 31 March 2011.

Consolidated Statement of Comprehensive Income

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

	2012 **HK$'000**	2011 HK$'000
Dividend income from unlisted investments[1]	**5,000**	–
Performance premium from co-investment partner[2]	**26,616**	35,003
Interest income[3]	**16,063**	12,931
	47,679	47,934

(1) OP Investment Management (Cayman) Limited issued a dividend of HK$5 million during the year.

(2) CIC, co-investment partner, in both the agriculture partnership and Nobel Oil projects awarded performance premiums totalling HK$26.62 million to the Group in return for our resources devoted to the investment projects. Jin Dou accounted for approximately HK$15.56 million, while Nobel Oil accounted for the remaining HK$11.06 million.

(3) Interest income of approximately HK$16.06 million (2011: HK$12.93 million) is derived from convertible bond investments via Glory Wing and Kaisun Energy, our loan to Meichen, and term deposits in banks.

Net loss on financial assets at fair value through profit or loss: The net loss of HK$24.3 million mainly represents (i) the loss in fair value of the conversion option embedded in the convertible bonds of Kaisun Energy of approximately HK$19.94 million, (ii) the cumulative losses of HK$49.40 million in the Group's investment funds managed by OPIM, and (iii) a gain of HK$49.80 million accounting for the fair value adjustment of Crown Honor preference shares and its embedded derivative, and profit guarantee.

Impairment loss on available-for-sale financial assets: Due to the prolonged decrease in the fair value of the Group's investment in the ordinary shares of Kaisun Energy from its investment cost, an impairment loss of HK$25.2 million was recognised during the year.

Equity-settled share-based payments: This represents the value of share options vested during the year. These share options were granted to certain directors and employees on 20 April 2010, which are vested over five years from the grant date.

Administrative expenses: The decrease in total expenses to HK$47.91 million is mainly the result of reduction in professional fees and travelling expenses.

Share of results of associates: A net amount of approximately HK$4.28 million (2011: HK$3.22 million) accounted for our share of results of associates such as CSOP and Guotai Junan. These companies generate revenue based on management and performance fees according to assets under management.

Income tax: The Group incurred a nominal write-back of HK$0.4 million for taxes over-provided in the previous year. The Group has otherwise incurred no income taxes as there were no assessable profits for the year.

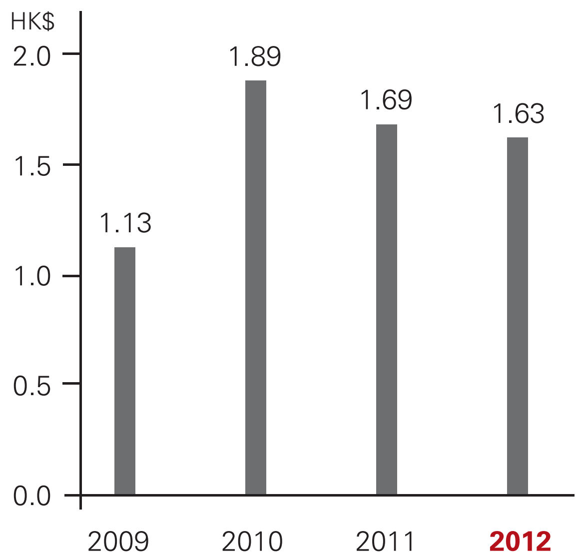
Other comprehensive income: Changes to the Group's NAV, otherwise not accounted for in "loss for the year", are found in "other comprehensive income". The loss of HK$34.00 million is mainly net of: i) unrealised gains from equity interest in Nobel Oil by HK$26.05 million, and ii) unrealised losses from OPIM preference shares and Kaisun Energy ordinary shares and convertible bonds by HK$56.22 million. Combining with the "loss for the year", the total comprehensive income for the year was a loss of HK$51.41 million.

Management Discussion and Analysis

Fair value changes for the year ended 31 March

	2012 HK$'000	2011 HK$'000
OPIM	**(26,900)**	41,800
Kaisun Energy – Ordinary Shares	**(23,879)**	(91,774)
Kaisun Energy – CB Borrowing Portion	**(5,436)**	3,493
Nobel Oil	**26,046**	8,403
Meichen Finance	**(1,816)**	1,233
Jin Dou	**(2,015)**	(2,073)
Fair value decrease	**(34,000)**	(38,918)

Net asset value per share (in HK$)



Liquidity and Financial Resources

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

During the Year, the Group continued to maintain a significant balance of cash and cash equivalents. As at 31 March 2012, the Group had cash and bank balances of HK$284.27 million (31 March 2011: HK$365.33 million).

The Group had no bank borrowings and did not pledge any assets as collateral for overdrafts or other loan facilities during the period under review. The debt-to-equity ratio (interest bearing external borrowings divided by shareholders' equity) stood at zero while the current ratio (current assets divided by current liabilities) was 293 times (2011: 93 times). For further analysis of the Group's cash position, current assets and gearing, please refer to paragraphs under sub-sections headed "Financial position" above.

The Board believes that the Group has sufficient financial resources to satisfy its immediate investments and working capital requirements.

Capital Structure

As at 31 March 2012, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK$1.54 billion (2011: HK$1.59 billion) and 941.40 million (2011: 941.40 million), respectively.

Employees

During the Year, the Group had 20 (2011: 18) employees, inclusive of the two executive directors. Total staff costs for the Year amounted to HK$19.88 million (2011: HK$20.84 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.

Exposure to Fluctuations in Exchange Rates and Related Hedges

Except for the Group's investment in and loan to Meichen Finance and the investment in CSOP Shen Zhou RMB fund described in the sections above, the Group's assets and liabilities are mainly denominated in Hong Kong Dollars or United States Dollars and, therefore, the Group had no significant exposure to foreign exchange fluctuations.

Charges on the Group's Assets and Contingent Liabilities

As at 31 March 2012, there were no charges on the Group's assets and the Group did not have any significant contingent liabilities.

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 56, was appointed as an executive director and chairman of the Company in February 2003. He has also been appointed as the chairman of the nomination committee and serving as a member of the corporate governance committee of the Company since January 2012. 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's degree in Arts from Heilongjiang University in 1982 and later graduated from Graduate School of the People's Bank of China ("PBOC") (中國人民銀行研究生部) and obtained a master's degree in Economics. Mr. Zhang has 28 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 (金融管理司) 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 (證券機構監管部) 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 Gaobo, aged 47, was appointed as an executive director and chief executive officer of the Company in February 2003, and has been serving as a member of the nomination committee and 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 (海南省政府) and PBOC Hainan Branch and as the chairman of Hainan Stock Exchange Centre (海南證券交易中心). 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 a non-executive director of Vimetco N.V., a company listed on the London Stock Exchange.

Independent Non-executive Directors

Mr. KWONG Che Keung, Gordon, aged 62, 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, China Chengtong Development Group Limited, Global Digital Creations Holdings Limited, Quam Limited, China Power International Development Limited, Henderson Land Development Company Limited, Henderson Investment Limited, Agile Property Holdings Limited, CITIC Telecom International Holdings Limited, China COSCO Holdings Company Limited and Chow Tai Fook Jewellery Group Limited. He was also an independent non-executive director of Tianjin Development Holdings Limited, China Oilfield Services Limited, Frasers Property (China) Limited, COSCO International Holdings Limited, Beijing Capital International Airport Company Limited until 26 May 2010, 28 May 2010, 17 January 2011, 9 June 2011 and 15 June 2011 the respective dates of the annual general meeting of these five companies wherein he did not offer himself for re-election. 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 57, 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. Since January 2012, Prof. HE has been appointed as the chairman of the corporate governance committee and serving as a member of the nomination committee of the Company. He is 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 director of research of Shenzhen Stock Exchange from June 2001 to October 2002. He is 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.

Biographical Details of Directors and Senior Management

Mr. WANG Xiaojun, aged 57, 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 Bulter 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 and Zijin Group Mining Co. Ltd, companies listed on the Stock Exchange, and 北方國際合作股份有限公司 (NORINCO International Cooperation Limited), a company listed on the Shenzhen Stock Exchange.

SENIOR MANAGEMENT

Deputy Chief Executive Officer

Mr. ZHANG Wei Dong, aged 47, is the general manager of Jin Dou Development Fund, L.P., and the Partner and Deputy CEO of Oriental Patron Financial Group, primarily responsible for private equity investments. Mr. Zhang has over 13 years' experience in the operation and management of commercial banking, during which he worked in the International Business Department of the Industrial and Commercial Bank of China Limited ("ICBC") with final position as Deputy General Manager of the department, including 3 years in ICBC Almaty Branch, where he was in charge of treasury, credit lending and office operations. Moreover, Mr. Zhang has 11 years of investment banking experience, 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. Mr. Zhang holds a master degree from Renmin University in Economics, a diploma of Programme for Management Development of Harvard Business School, and held a fellowship from Columbia University in New York.

Head of Energy & Resources

Mr. YEAP Soon P, Jonathan, aged 50, was appointed as the Partner and Head of Energy & Resources of the Company in November 2010, has responsibility for the origination and development of the Company's energy and resources businesses. He has over 25 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 translator's enquiry 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.

Chief Investment Officer – Assets Management

Mr. Benoit Descourtieux, *CFA*, aged 49, has overall responsibility for the investment management of Oriental Patron Financial Group and associates. He has been working in asset management industry since 1986 and has resided in Asia since 1987. Benoit is a founder and principal at OP Investment Management Limited (formerly known as OP Calypso Capital Limited) ("OPIM"), an alternative independent investment manager established in Hong Kong in 2003. Before setting up OPIM, Benoit was President and Chief Executive Officer for Lombard Odier (Asia) Limited from 1999 to July 2003 acting as office head and Chief Investment Officer. Prior to that he was from 1997 to 1999 an Associate Director at Indocam Asset Management, the Asian investment arm of Credit Agricole Asset Management, managing equity, fixed income and balanced products with both absolute return and benchmark focus.

Biographical Details of Directors and Senior Management

Head of Assets Management Operation

Mr. Michael Stockford, aged 52, has overall responsibility for the operation of Oriental Patron Financial Group's fund management business. He has been resident in Asia since 1987. Michael is a founder and principal at OPIM, an alternative independent investment manager established in Hong Kong in 2003. Before setting up OPIM, he was from 1997 to July 2003 a Director and Regional Head of Operations for Credit Agricole Asset Management in Asia, with particular focus on Risk, Compliance and Internal Control. Michael brings proven experience in Corporate Management, Risk Control, Operations and Compliance. He was a founding member of Credit Agricole Asset Management's Global Compliance Steering Committee and has been the Chairman of several mutual funds. He has established two asset management ventures in the region; the first in Hong Kong between National Westminster Bank and Wheelock & Co. and the second in Korea between Credit Agricole and the National Agricultural Co-operative Federation.

Directors' Report

The directors ("Directors") of OP Financial Investments 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 2012 (the "Year").

PRINCIPAL ACTIVITIES

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 note 15 to the consolidated financial statements.

SEGMENT INFORMATION

Segment information of the Group is set out in note 8 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of comprehensive income on page 30.

No interim dividend was paid during the Year. The Directors do not recommend the payment of a final dividend for the Year (2011: HK$Nil).

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 comprehensive income and the consolidated statement of changes in equity on pages 30 and 33 and note 23 to the consolidated financial statements.

FIXED ASSETS

Details of the movements in fixed assets of the Group and of the Company during the Year are set out in note 14 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 note 21 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing 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 on page 84 of this report.

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.

SHARE OPTIONS

Information about the share options of the Company during the Year is set out in note 22 to the 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

Non-executive Director

Mr. LIU Hongru (resigned on 14 June 2012)

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. ZHANG Zhi Ping and Mr. ZHANG Gaobo will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. Also, two independent non-executive Directors, namely Mr. KWONG Che Keung Gordon and Prof. HE Jia, who have been serving more than 9 years will offer themselves for re-election at the forthcoming annual general meeting in accordance with the Corporate Governance Code set out in Appendix 14 to the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company confirms that it has received from each of the Independent non-executive Directors ("INED") 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 annual report.

Biographical details of the directors as at the date of this annual report are set out on pages 11 and 12.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors entered into a service agreement with the Company for an initial fixed term of three years commencing on 1 February 2003 and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the initial fixed term. Each of these executive Directors is entitled to the respective basic salary (subject to an annual increment at the discretion of the Directors of not more than 10% of the annual salary at the time of the relevant review). In addition, in respect of the financial year ended 31 March 2004 and each of the financial years thereafter of the Company, each of the executive Directors is also entitled to a discretionary bonus provided that the aggregate amount of the bonuses payable to all the executive Directors in respect of any financial year of the Company may not exceed 5% of the audited net profit of the Company (or as the case may be, combined or consolidated audited net profit of the Company and its subsidiaries (if any)) (after taxation and minority interests but before extraordinary or exceptional items) in respect of that financial year of the Company. An executive Director shall not vote on any resolution of the Board regarding the amount of the discretionary bonus payable to him. No discretionary bonus has been paid to the executive Directors for the Year.

Saved as disclosed above, no other Directors have entered into service agreements with the Company which are not determined by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the paragraph headed "Connected transactions" in this report and in notes 15 and 27 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 CORPORATION

As at 31 March 2012, the interests and short positions of the Directors and chief executive of the Company in the shares and underlying shares 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**	**Corporate 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 2012** (note 1)
Mr. ZHANG Zhi Ping (notes 2 & 3)	Interest of controlled corporation	359,800,000	–	359,800,000	38.22%
Mr. ZHANG Gaobo (notes 2 & 3)	Interest of controlled corporation	359,800,000	–	359,800,000	38.22%

Notes:

(1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 941,400,000 shares as at 31 March 2012.

(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").

(3) 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 entire 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.

Save as disclosed above, as at 31 March 2012, none of the Directors or chief executive had any interest or short positions in the shares and underlying shares 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 OF THE COMPANY OR ANY ASSOCIATED CORPORATION

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 March 2012, 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 are in addition to 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**	**Corporate 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 2012** (note 1)
OIL (note 3)	Beneficial owner	330,000,000	–	330,000,000	35.05%
OPFGL (notes 2 & 3)	Interest of controlled corporation	359,800,000	–	359,800,000	38.22%
Primus Pacific Partners Investments 2 Ltd (note 4)	Beneficial owner	155,040,000	–	155,040,000	16.47%
Primus Pacific Partners 1 LP (note 4)	Interest of controlled corporation	155,040,000	–	155,040,000	16.47%
Primus Pacific Partners (GP1) LP (note 4)	Interest of controlled corporation	155,040,000	–	155,040,000	16.47%
Primus Pacific Partners (GP1) Ltd (note 4)	Interest of controlled corporation	155,040,000	–	155,040,000	16.47%
Mr. NG Wing Fai (note 4)	Interest of controlled corporation	155,040,000	–	155,040,000	16.47%
Mr. HUAN Guocang (note 4)	Interest of controlled corporation	155,040,000	–	155,040,000	16.47%

Notes:

(1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 941,400,000 shares as at 31 March 2012.

(2) This represented an aggregate of 330,000,000 shares held by OIL and 29,800,000 shares held by OPFSGL.

(3) OIL is a wholly owned subsidiary of OPFGL, while 95% of the issued share capital of OPFSGL is owned by OPFGL. By virtue of the SFO, OPFGL is deemed to be interested in the shares and underlying shares of the Company held by OIL and the shares held by OPFSGL.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (continued)

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

(4) This represented 155,040,000 shares held by Primus Pacific Partners Investments 2 Ltd ("PPPI-2"). Each of Mr. Huan Guocang and Mr. Ng Wing Fai owns as to 50% of the total equity interest in Primus Pacific Partners (GP1) Ltd ("PPP-GP1") while PPP-GP1 controls 100% equity interest in Primus Pacific Partners (GP1) LP ("PPP-GP1-LP"). Further, PPP-GP1-LP controls 100% equity interest in Primus Pacific Partners 1 LP ("PPP1-LP") while PPP1-LP owns as to 100% equity interest in PPPI-2. By virtue of the SFO, each of Mr. Huan Guocang, Mr. Ng Wing Fai, PPP-GP1, PPP-GP1-LP, and PPP1-LP is deemed to be interested in the shares of the Company held by PPPI-2.

Save as disclosed above, as at 31 March 2012, 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

At no time during the Year was the Company 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 and senior management of the Company are subject to review and recommendation to the Board by the Remuneration Committee and then fixed by the Board with the authorisation 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 note 27 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.

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.38 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

Investment Management Agreement

Pursuant to the Investment Management Agreement (the "Investment Management Agreement") dated 13 January 2011, the Company has re-appointed Oriental Patron Asia Limited ("OPAL") as its investment manager to provide investment management services for a fixed term of three years commencing on 1 April 2011 to 31 March 2014. Pursuant to the Investment Management Agreement, the Company will pay OPAL a monthly management fee at 1.5% per annum of the Net Asset Value ("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 Agreement is subject to a cap for each of the three years ending 31 March 2014. The cap amount for the year ended 31 March 2012 was HK$150,000,000. During the Year, the aggregated management fees paid/payable by the Company under the Investment Management Agreement to OPAL amounting to HK$22,592,000 (2011: HK$23,808,000).

OPAL, being the investment manager of the Company, is regarded as a connected person of the Company by virtue of Rule 21.13 the Listing Rules. In addition, OPAL is a wholly-owned subsidiary of OPFSGL. The Directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have significant influence in OPFSGL. Accordingly the services rendered under the Investment Management Agreement constitute non-exempted continuing connected transactions of the Company.

(b) Continuing connected transactions exempted from independent shareholders' approval requirements

Licence agreement

For the Year, the monthly licence fee paid by OP Investment Service Limited ("OPISL"), a wholly-owned subsidiary of the Company, to Oriental Patron Management Services Limited ("OPMSL") under the relevant licence agreement ("Licence Agreement") in respect of a portion of the premises (the "Premise") leased by OPMSL during the relevant periods as tenant from an independent third party, was HK$188,730. Premise is used by the Group as its principal place of business in Hong Kong. The total amount of licence fees paid to OPMSL during the Year amounted to HK$2,264,760. (2011: to OPMSL and Oriental Patron Finance Limited amounted to HK$409,500 and HK$573,300 respectively).

The Directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have significant influence in OPMSL which therefore is regarded as connected person of the Company by virtue of Rule 14A.11 of the Listing Rules. Accordingly, the Licence Agreement constitutes continuing connected transaction of the Company and is only subject to the reporting and announcement requirements, the annual review requirements and the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules. It is exempt from the independent shareholders' approval requirements pursuant to Rule 14A.34 of the Listing Rules.

The aforesaid continuing connected transactions have been reviewed by independent non-executive Directors of the Company. The independent non-executive Directors confirmed that the aforesaid continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the Investment Management Agreement and the Licence Agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Directors' Report

CONNECTED TRANSACTIONS (continued)

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

Custodian agreement

Pursuant to the Custodian Agreement (the "Custodian Agreement") dated 26 February 2003, the Company appointed Standard Chartered Bank as its custodian with effect from 20 March 2003. The custodian has agreed to provide securities services to the Company including the safe custody and physical settlement of the securities in the investment portfolio of the Company, and the collection of dividends and other entitlements in respect of such securities. The Custodian Agreement will continue in force until terminated by either the Company or the custodian giving to the other not less than 60 days' notice in writing expiring at any time. Pursuant to the Custodian Agreement, custody fee of 0.05% to 0.08% per annum in respect of listed securities, a flat fee per counter per month in respect of unlisted securities, subject to certain minimum charge per month, and transaction fee of about USD40 to USD80 per receipt or delivery of securities will be paid to the custodian. The custodian fee paid during the Year amounted to HK$23,649 (2011: HK$23,331).

The custodian is regarded as a connected person of the Company by virtue of Rule 21.13 of the Listing Rules. Accordingly the Custodian Agreement constitutes a de-minimis continuing connected transaction of the Company for purpose of Rule 14A.33(3) of the Listing Rules.

The independent non-executive Directors also confirmed (i) the aggregate value of the annual management fees paid and payable by the Company to the investment manager did not exceed its prescribed caps; (ii) the aggregate value of the annual licence fees to OPMSL fell below the threshold of the Listing Rules and would be exempted from the independent shareholders' approval requirements under the Listing Rules; and (iii) the aggregate value of the annual custodian fee to the custodian fell below the de-minimis threshold of the Listing Rules and would be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under 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, other transactions are also disclosed in notes 15 and 27 to the consolidated financial statements as related party transactions.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Company are set out in note 28 to the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

Please refer to note 29 to the consolidated financial statements.

AUDITOR

The consolidated financial statements for the Year have been audited by PricewaterhouseCoopers who retires and, being eligible, offer itself 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

ZHANG ZHI PING
Chairman

Hong Kong SAR, 20 June 2012

Corporate Governance Report

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

OP Financial Investments Limited (the "Company", together with its subsidiaries, collectively referred to as the "Group") and its board (the "Board") of directors ("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 endeavour 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 Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") have been adopted to shape our corporate governance structure. This report describes how the principles of the CG Code were applied during the year ended 31 March 2012 (the "Year") under different aspects.

CG CODE COMPLIANCE

Throughout the Year, except otherwise stated, the Company complied with all code provisions and where appropriate, adopted the recommended best practices as set out in the CG Code.

Since the Nomination Committee and the Corporate Governance Committee ("CG Committee") were newly established in January 2012, no meeting of these two committees was held during the Year.

The prevailing Corporate Governance Code (Code) is the new edition of the CG Code issued by the Stock Exchange in October 2011, and is applicable to financial reports covering a period after 1 April 2012. As part of our commitment to the highest governance standards, except otherwise stated, we have early adopted all code provisions and, where appropriate, new recommended best practices as set out in the Code.

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 ("Mode 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 throughout the Year.

Directors' and Chief Executive's interests and/or short positions in shares and underlying shares of the Company are shown on page 16 to 18.

THE BOARD

Composition

The Board currently comprises 5 members. 2 of the members are executive Directors and the remaining 3 members are independent non-executive Directors ("INEDs") who are either professionals or financial experts.

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 expertise, 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.

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.

THE BOARD (continued)

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 takes decisions objectively in the best interests of the Group.

The Board takes the responsibility for all major matters of the Company including: the approval and monitoring of all policy matters, overall strategies, internal control and risk management 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 performing them.

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.

As the Company is an investment company, investment management services have been delegated to the investment manager and the custodian, fund services and transaction handling services have been delegated to the custodian. The delegated functions and work tasks are reviewed periodically by the Board.

Chairman and Chief Executive

The Chairman and the Chief Executive of the Company are Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo respectively.

There is a clear division of the management of the Board and the day-to-day management of business of the Group between the roles of the Chairman and the Chief Executive to ensure that power is not concentrated in any one individual.

The Chairman is responsible for providing leadership for the Board and ensuring that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner.

The Chief Executive is responsible for implementing the investment strategies agreed by the Board, monitoring the investment performance and leading the day-to-day management of the Group.

Independence of Non-executive Directors

To determine the 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 of not more than 3 years and they are also subject to retirement by rotation at least once every 3 years in accordance with Article 113 of the Articles and the CG Code. Also, 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 INED 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 fulfil the independence guidelines. Also, two INEDs, namely Mr. KWONG Che Keung Gordon and Prof. HE Jia, who have been serving more than 9 years will offer themselves for re-election at the forthcoming annual general meeting ("AGM"). The Board and the Nomination Committee further consider that Mr. KWONG Che Keung Gordon and Prof. HE Jia 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.

THE BOARD (continued)

Continuous Professional Development

Directors' training is an ongoing process. During the Year, Directors received regular updates on changes and developments to the Group's business and to the legislation and regulation relating to directors' duties and corporate governance. All Directors, senior management, the Company Secretary and accounting staff are encouraged to attend relevant training courses at the Company's expense. Effective January 2012, the Company will arrange and fund suitable training and keep training record for all Directors on a yearly basis. A Director can also arrange suitable training for himself and provide the Company with his training record on a yearly basis. In addition, the CG Committee in January 2012 was delegated with the responsibility of reviewing and monitoring training and continuous professional development of directors and senior management.

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 telephone conference, and each of them are 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 the AGM, 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, 17 executive Board meetings, 4 full Board meetings, 3 Audit Committee's meetings, 1 Remuneration Committee's meeting, and 1 general meeting (including the AGM) were held. The attendance record of each Director was as follows:

Director	General Meeting	Executive Board	Full Board	Audit Committee	Remuneration Committee
ZHANG Zhi Ping	1/1	17/17	3/4		
ZHANG Gaobo	1/1	17/17	4/4		
LIU Hongru (resigned on 14 June 2012)			4/4		
KWONG Che Keung Gordon			4/4	3/3	1/1
HE Jia			4/4	3/3	1/1
WANG Xiao Jun			4/4	3/3	1/1

Since the Nomination Committee and the CG Committee were newly established in January 2012, no meeting of these two committees was held during the Year. Effective April 2012, each of the Nomination Committee and the CG Committee will hold regular meetings with its committee members every year and the Chairman who is also an executive Director will hold meetings with non-executive directors (including INEDs) without other executive Director(s) present on annual basis.

Performance Evaluation

Effective April 2012, the executive Board will conduct an evaluation of the Board's performance on annual basis with the aim of ensuring continuous improvement in the functioning of the Board. The evaluation will focus on the adequacy and efficiency of the practices and procedures of the Board, its decision-making processes, 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 concluded that during the Year, the Board continued to operate efficiently and was well aligned with the Group's overall objectives. The evaluation revealed that the Board perform well with a strong composition, and the Board as a whole is reasonably ambitious in the goals it sets for itself. The Board has considered the executive Board's recommendations on areas where it believes further improvements are possible, such as participation at general meetings, quality and detail and timelines of information provided for proper consideration and risk management.

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. The 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. The attendance record of the Committee members for the Year is shown on page 23 of this Annual Report.

Audit Committee

The Audit Committee comprises three INEDs, namely, Mr. KWONG Che Keung, Gordon, Prof. HE Jia and Mr. WANG Xiao Jun. 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 internal control system 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 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;

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

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

– held two meetings with the external auditors;

– reviewed and discussed the internal control system with the management to ensure that management has performed its duty to have an effective internal control system;

– approved establishment of a Whistleblowing Policy (which is available on the Company's website) and system for employees to raise concerns, in confidence, with the Audit Committee about possible improprieties in financial reporting, internal control or other matters related to the Group.

Further details of the Company's internal controls are set out in the last section of this Corporate Governance Report.

Remuneration Committee

The Remuneration Committee comprises three INEDs, namely, Mr. WANG Xiao Jun, Prof. HE Jia and Mr. KWONG Che Keung, Gordon. Mr. WANG Xiao Jun 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 reviewed the remuneration packages of individual executive Directors and senior management and recommended the Board to establish a more formal and transparent procedure for determining the remuneration packages of individual senior management.

Corporate Governance Report

BOARD COMMITTEES (continued)

Nomination Committee

The Nomination Committee comprises two executive Directors, namely, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo, and three INEDs, namely, Mr. KWONG Che Keung, Gordon, Prof. HE Jia and Mr. WANG Xiao Jun. Mr. ZHANG Zhi Ping is 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.

Since the Nomination Committee was newly established in January 2012, no meeting was held during the Year. Assessment of the independence of INEDs and making of recommendations on the re-appointment of retiring Directors were performed by the Board during the Year. Effective April 2012, the Nomination Committee will be able to discharge its duties under the CG Code.

Corporate Governance Committee

The CG Committee comprises two executive Directors, namely, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo, and three INEDs, namely, Prof. HE Jia, Mr. KWONG Che Keung, Gordon and Mr. WANG Xiao Jun. Prof. HE Jia is the chairman of the CG Committee.

The major role and function of the CG 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.

Since the CG Committee was newly established in January 2012, no meeting was held during the Year. Review of the Company's compliance with the CG Code and disclosure in the Corporate Governance Report were performed by the Board during the Year. Effective April 2012, it will be able to discharge its duties under the CG Code.

AUDITOR'S REMUNERATION

The Audit Committee reviews each year with the external auditors of the Group with regards 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$800,000 and HK$238,000 respectively.

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" on pages 28 and 29.

COMPANY SECRETARY

The Company Secretary, Tam Yuen Wah, is responsible for facilitating the Board process, as well as communication among the Board members, with the Shareholders and management of the Company. The Company Secretary is a solicitor admitted in Hong Kong and an associate member of the Hong Kong Institute of Chartered Secretaries (HKICS). She also holds a Practitioner's Endorsement issued by the HKICS. During the Year, the Company Secretary undertook no less than 15 hours of relevant professional training.

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 ("EGM"). 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 recognised 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.

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, an AGM and any EGM called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other EGM shall be called by not less than 14 days' notice in writing. 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 AGM shall specify the meeting 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. Notice of every general meeting shall be given to the external auditors and to all members other than such as, under the provisions hereof or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company.

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 recognises the importance of promoting mutual understanding between the Company and the Shareholders through ongoing engagement and communication.

The Company also maintains an ongoing dialogue with the Shareholders, for example, through AGM 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 alvin.fan@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.

Corporate Governance Report

INVESTOR RELATIONS

Constitutional Documents

There was no change in the Company's 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 was held at the principal place of business of the Company on 2 August 2011. All resolutions proposed at the AGM were duly passed. Details of the poll results were posted on the websites of the Stock Exchange and the Company.

INTERNAL CONTROLS

In order to ensure that the Company maintained sound and effective controls to safeguard the Shareholders' investment and the Company's assets, the internal audit function of the Company was delegated to an external audit firm, namely, D. P. Lau & Company, Certified Public Accountants. The auditors of the external audit firm visited the Company and carried out, on annual basis, a review of the Company's internal controls (including the basic controls over the accounting records, the procedures on compliance and dissemination of public information, the control over computer systems and investment procedures) for the year ended 31 December 2011. An internal control review report was then presented to the management, the Audit Committee and the Board for review and discussion.

The Audit Committee considered that there was no material finding in the report. The Board considered the internal controls of the Company were effective and adequate during the Year.

Independent Auditor's Report

TO THE SHAREHOLDERS OF
OP FINANCIAL INVESTMENTS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of OP Financial Investments Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 30 to 83, which comprise the consolidated and company balance sheets as at 31 March 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

BASIS FOR QUALIFIED OPINION

As explained in note 17 and 18 to the consolidated financial statements, as at 31 March 2011, the Company had investment in Crown Honor Holdings Ltd. ("Crown Honor"), an investee, comprising ordinary shares, non-voting preference shares and the profit guarantee of Crown Honor which were stated at fair value of HK$230,545, HK$95,529,850 and HK$6,860,388, respectively. We were unable to obtain sufficient appropriate audit evidence or to carry out alternative audit procedures that we considered necessary to assess the fair value of the investment in Crown Honor as at 31 March 2011 and 1 April 2011 and the related impact on the Group's result attributable to the equity holders for the year ended 31 March 2012 and 31 March 2011. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. Any adjustments found to be necessary to the opening balances as at 1 April 2011 may materially affect the Group's result attributable to the equity holders for the year ended 31 March 2012 and the related disclosures in the consolidated financial statements with respect to investment in Crown Honor.

Independent Auditor's Report

QUALIFIED OPINION

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2012 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 June 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Revenue	6	**47,679**	47,934
Other income	7	**2,963**	771
Net loss on financial assets at fair value through profit or loss			
– Classified as held for trading		**(75,782)**	(146,743)
– Designated as such upon initial recognition		**51,482**	10,283
		(24,300)	(136,460)
Gain on disposal of a subsidiary		**786**	1,861
Loss on disposal of an associate		**(1)**	–
Impairment loss on available-for-sale financial assets		**(25,200)**	(80,141)
Equity-settled share-based payments	22	**(1,342)**	(17,060)
Administrative expenses		**(47,909)**	(53,448)
Loss from operations		**(47,324)**	(236,543)
Share of results of associates	16	**4,276**	3,216
Loss before tax		**(43,048)**	(233,327)
Income tax	9	**418**	–
Loss for the Year	10	**(42,630)**	(233,327)
Other comprehensive income			
Exchange differences		**37**	26
Available-for-sale financial assets:			
Fair value changes during the Year		**(34,000)**	(38,918)
Impairment loss on available-for-sale financial assets		**25,200**	80,141
Share of other comprehensive income of associates			
Fair value changes of available-for-sale financial assets		**140**	–
Exchange differences		**(154)**	132
Net other comprehensive income for the Year		**(8,777)**	41,381
Total comprehensive income for the Year		**(51,407)**	(191,946)
Loss per share			
Basic	12(a)	**(4.53) cents**	(25.85) cents
Diluted	12(b)	**(4.53) cents**	(25.85) cents

The notes on pages 35 to 83 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	14	**41**	661
Investments in associates	16	**90,216**	85,991
Available-for-sale financial assets	17	**629,260**	662,653
Financial assets at fair value through profit or loss	18	**13,373**	38,491
Loans receivable	19	**–**	5,000
Interest receivables		**24,100**	14,817
		756,990	807,613
Current assets			
Financial assets at fair value through profit or loss	18	**383,453**	333,890
Accounts and loans receivable	19	**80,164**	72,197
Interest receivables		**965**	933
Prepayments and other receivables		**237**	457
Tax recoverable		**4,762**	4,762
Bank deposits		**30,051**	11,584
Bank and cash balances		**284,273**	365,328
		783,905	789,151
TOTAL ASSETS		**1,540,895**	1,596,764
Capital and reserves			
Share capital	21	**94,140**	94,140
Reserves	23	**1,444,083**	1,494,148
TOTAL EQUITY		**1,538,223**	1,588,288
Current liabilities			
Other payables		**2,672**	4,303
Tax payable		**–**	4,173
TOTAL LIABILITIES		**2,672**	8,476
TOTAL EQUITY AND LIABILITIES		**1,540,895**	1,596,764
NET ASSETS		**1,538,223**	1,588,288
Net asset value per share	24	**HK$1.63**	HK$1.69

The notes on pages 35 to 83 form an integral part of these consolidated financial statements.

Approved by the Board of Directors on 20 June 2012

ZHANG Zhi Ping
Director

ZHANG Gaobo
Director

Statement of Financial Position

At 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	14	**41**	74
Investments in subsidiaries	15	**–**	–
Amounts due from subsidiaries	15	**642,054**	655,042
Investments in associates	16	**60,000**	60,000
Loans receivable	19	**–**	5,000
		702,095	720,116
Current assets			
Financial assets at fair value through profit or loss	18	**57,911**	8,750
Loans receivable	19	**5,000**	–
Amounts due from associates	19	**37**	37
Interest receivables		**571**	277
Prepayments and other receivables		**179**	180
Tax recoverable		**4,762**	4,762
Bank deposits		**30,051**	11,584
Bank and cash balances		**279,778**	355,669
		378,289	381,259
TOTAL ASSETS		**1,080,384**	1,101,375
Capital and reserves			
Share capital	21	**94,140**	94,140
Reserves	23	**983,730**	1,004,545
TOTAL EQUITY		**1,077,870**	1,098,685
Current liabilities			
Other payables		**2,514**	2,690
TOTAL LIABILITIES		**2,514**	2,690
TOTAL EQUITY AND LIABILITIES		**1,080,384**	1,101,375
NET ASSETS		**1,077,870**	1,098,685

The notes on pages 35 to 83 form an integral part of these consolidated financial statements.

Approved by the Board of Directors on 20 June 2012

ZHANG Zhi Ping
Director

ZHANG Gaobo
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

		Reserves					
	Share capital HK$'000	**Share premium** HK$'000	**Share-based payment reserve** HK$'000	**Investment revaluation reserve** HK$'000	**Exchange reserve** HK$'000	**(Accumulated losses)/ Retained profits** HK$'000	**Total** HK$'000
At 1 April 2010	78,450	792,438	6,120	161,718	–	441,373	1,480,099
Issue of shares by placing	15,690	267,385	–	–	–	–	283,075
Grant of share options	–	–	17,224	–	–	–	17,224
Share options forfeited	–	–	(164)	–	–	–	(164)
Share options lapsed	–	–	(6,120)	–	–	6,120	–
Total comprehensive income for the year	–	–	–	41,223	158	(233,327)	(191,946)
At 31 March 2011 and 1 April 2011	94,140	1,059,823	17,060	202,941	158	214,166	1,588,288
Vesting of share options of share option scheme	–	–	1,342	–	–	–	1,342
Reclassification: disposal of subsidiary	–	–	–	–	(63)	63	–
Total comprehensive income for the Year	–	–	–	(8,660)	(117)	(42,630)	(51,407)
At 31 March 2012	**94,140**	**1,059,823**	**18,402**	**194,281**	**(22)**	**171,599**	**1,538,223**

The notes on pages 35 to 83 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(43,048)**	(233,327)
Adjustments for:		
Dividend income	**(5,000)**	–
Interest income	**(16,063)**	(12,931)
Exchange gains	**(2,963)**	–
Depreciation	**169**	202
Gain on disposal of subsidiaries	**(786)**	(1,861)
Loss on disposal of an associate	**1**	–
Net loss on financial assets at fair value through profit or loss	**24,300**	136,460
Impairment loss on available-for-sale financial assets	**25,200**	80,141
Share of results of associates	**(4,276)**	(3,216)
Equity-settled share-based payments	**1,342**	17,060
Operating loss before working capital changes	**(21,124)**	(17,472)
Net increase in financial assets at fair value through profit or loss	**(48,722)**	(13,099)
Increase in available-for-sale financial assets	**(607)**	(11,653)
Increase in accounts receivable	**(7,544)**	(2,683)
Decrease in prepayments and other receivables	**167**	10,737
Decrease in accrued charges	**(955)**	(64,704)
Cash used in operations	**(78,785)**	(98,874)
Dividend received	**5,000**	–
Interest received	**6,748**	2,201
Tax paid	**(3,755)**	(5,887)
Net cash used in operating activities	**(70,792)**	(102,560)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds on disposal of subsidiaries	**647**	1,861
Net proceeds on disposal of an associate	**37**	–
Loan to an investee	**–**	(61,100)
Loan to an associate	**–**	(1,500)
Loan to a co-investment partner	**–**	(3,500)
Loan repayments received	**7,532**	–
Increase in bank deposits	**(18,467)**	(11,584)
Purchase of property, plant and equipment	**(7)**	(731)
Net cash used in investing activities	**(10,258)**	(76,554)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issue of shares on placement	**–**	283,075
Net cash generated from financing activities	**–**	283,075
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(81,050)**	103,961
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**365,328**	261,365
EXCHANGE (LOSS)/GAIN ON CASH AND CASH EQUIVALENTS	**(5)**	2
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**284,273**	365,328
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**284,273**	365,328

The notes on pages 35 to 83 form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

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 15 and 16 respectively.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated.

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

(a) New and amended standards adopted by the Group

In the current year, the Company and its subsidiaries (the "Group") has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are currently in issue and effective for its accounting year beginning on 1 April 2011. 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 Group's operations. 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.

(i) Related party disclosures

HKAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:

– The name of the government and the nature of their relationship

– The nature and amount of any individually significant transactions; and

– The extent of any collectively-significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party. The amendments may not have any financial impact on the Group.

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 financial year beginning 1 January 2011 and have not been early adopted

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

–	HKFRS 9	Financial Instruments
–	HKFRS 10	Consolidated financial statements
–	HKFRS 12	Disclosure of interests in other entities
–	HKFRS 13	Fair value measurement

(i) HKFRS 9, 'Financial Instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of comprehensive income, unless this creates an accounting mismatch. The Group is yet to assess HKFRS 9's full impact.

(ii) HKFRS 10 "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess HKFRS 10's full impact.

(iii) HKFRS 12 "Disclosure of interests in other entities" includes the disclosures requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess HKFRS 12's full impact.

(iv) HKFRS 13 "Fair value measurement" aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The Group is yet to assess HKFRS 13's full impact.

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 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 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

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2012 and 2011.

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise from circumstances such as enhanced minority rights or contractual terms between shareholders, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated 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 recognised 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation (continued)

(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 values 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 values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised 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 and the fair value of non-controlling interest 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 recognised in profit or loss.

(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 recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised 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 recognised 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 of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

Investments in associates are accounted for using the equity method and are initially recognised at cost. Identifiable assets, liabilities and contingent liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation (continued)

(v) Associates (continued)

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

The Group's share of its associate's post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its share of the post-acquisition movements in reserves is recognised 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 recognise 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 recognised.

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.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised 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.

Dilution gains and losses arising in investments in associates are recognised in the consolidated statement of comprehensive income.

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.

(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 steering committee that makes strategic decisions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 recognised 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 analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised 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 recognised in profit or loss as part of the fair value gain or loss. 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 recognised 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 recognised in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised 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 recognised in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment

Property, plant and equipment 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 property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Computer equipment	25%
Office equipment	25%
Furniture	25%
Fixtures	Over the unexpired terms of the leases
Motor vehicles	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 property, plant and equipment are the difference between the net sales proceeds and the carrying amount of the relevant assets, and are recognised in the consolidated statement of comprehensive income.

(e) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised 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.

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, 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 asset held for trading or designated in this category upon initial recognition. Derivatives are also categorised 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' and 'prepayments and other receivables' in the consolidated statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives 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 recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised 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 recognised at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised 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 are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of comprehensive income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of comprehensive income 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 monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of comprehensive income as gains/losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of comprehensive income as part of revenue. Dividends on available-for-sale equity instruments are recognised in the consolidated statement of comprehensive income as part of revenue when the Group's right to receive payments is established.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial assets (continued)

(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 recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(iv) Impairment of financial assets

Assets carried at amortised 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.

For loans and receivables category, 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 and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity 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 recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

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. For debt securities, the Group uses the criteria refer to "assets carried at amortised cost" above. In the case of equity investments classified as available-for-sale, 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 recognised in profit or loss – is removed from other comprehensive income and recognised in the consolidated statement of comprehensive income. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Derivative financial instruments

Derivative financial instruments are initially recognised 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 recognised immediately in the consolidated statement of comprehensive income.

(h) Accounts and other receivables

Accounts and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of accounts 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 recognised in the consolidated statement of comprehensive income.

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

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represents cash at bank and on 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 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) Accounts and other payables

Accounts and other payables are stated initially at their fair value and subsequently measured at amortised 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.

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

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

(ii) Performance premium is recognised when the services are rendered.

(iii) Interest income is recognised 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 recognised using the original effective interest rate.

(l) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees.

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

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of the employees' basic salaries. The contributions are recognised 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 recognises 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.

(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 recognised 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the 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 (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised 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 recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

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

(o) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised 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 at the statement of financial position date in the countries where the Company's 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Current and deferred income tax (continued)

(ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised 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 year-end date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, 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.

Deferred income 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 income 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 that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Provisions and contingent liabilities

Provisions are recognised 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 recognised 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 the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised 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 financial statements when material.

(t) Comparative figures

When necessary, comparative figures have been restated to conform to the current year's presentation.

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 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) Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises 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 income tax and deferred tax provisions in the period in which such determination is made.

(b) Fair value estimation of financial instruments and derivatives

As indicated in notes 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 and/or Binomial Option Pricing Model. The values assigned to these unlisted investments are based upon available information and do not necessarily represent amounts which might ultimately be realised, since such amounts depend on future circumstances and cannot be reasonably determined until the individual position is realised, refer to note 5 for details.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) Fair value estimation of share options

The Group determines the fair value of its share options by using the Black-Scholes valuation model which requires input of subjective assumptions as disclosed in note 22 below. Any change in the subjective input assumptions may materially affect the fair value of an option.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Group	
	2012	2011
	HK$'000	HK$'000
Financial assets		
Available-for-sale financial assets	**629,260**	662,653
Financial assets at fair value through profit or loss		
Classified as held for trading	**290,542**	317,349
Designated as such upon initial recognition	**106,284**	55,032
Loans and receivables		
Accounts, loans receivables and others	**105,466**	93,404
Bank deposits and cash balances	**314,324**	376,912
Financial liabilities		
Amortised cost	**2,672**	4,303

(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 analyse 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 2012, the Group exposure to foreign currency risk through unlisted equity and debt instruments in entities located in the People's Republic of China. These investments were denominated in RMB and the maximum exposure to foreign currency risk was HK$256,371,000, equivalent to RMB207,849,000 (2011: HK$163,490,000, equivalent to RMB139,139,000).

5. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(i) Foreign currency risk (continued)

Sensitivity analysis

As at 31 March 2012, if the RMB exchange rate has been 50 basis points higher/lower with all other variables held constant, the loss for the Year would have decreased/increased by approximately HK$1,282,000 (2011: HK$817,000).

At 31 March 2012, 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 cash flow interest rate risk arises from its bank deposits, investment in debt securities and loans receivable. At 31 March 2012, the Group's bank and cash balances, term deposit at banks, investment in debt securities and loans receivable were HK$284,273,000 (2011: HK$365,328,000), HK$30,051,000 (2011: HK$11,584,000), HK$165,294,000 (2011: HK$166,334,000) and HK$61,558,000 (2011: HK$66,100,000) respectively. 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 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 2012, if the interest rates had been 25 basis points higher/lower with all other variables held constant, the loss for the Year would have decreased/increased by approximately HK$971,000 (2011: HK$1,152,000), and the investment revaluation reserve would have increased/decreased by approximately HK$382,000 (2011: HK$371,000).

(iii) Equity price risk

The Group is exposed to equity price risk through its 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 2012, 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 loss for the Year would have decreased/increased by approximately HK$38,453,000 (2011: approximately HK$35,490,000) and the investment revaluation reserve would have increased/decreased by approximately HK$50,066,000 (2011: HK$52,861,000).

5. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(iv) Credit risk

At 31 March 2012, 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 recognised 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's credit risk on debt securities held is limited because the management closely monitor the financial position of the underlying companies by regularly reviews their financial and operational results and assess their abilities to fulfill the repayment obligations.

At 31 March 2012, the Group had concentration of credit risk by geographical location and by customer as 94% of its receivables was due from one co-investment partner and an investee located in the Mainland China (2011: 93% due from one co-investment partner and an investee located in the Mainland China). The maximum exposure to credit risk on this co-investment partner and this investee were HK$18,569,000 and HK$56,558,000 respectively (2011: HK$11,060,000 and HK$61,100,000 respectively). However, the directors consider that the credit risks associated with these counterparties are limited as:

- the co-investment partner is with good credit rating in the industry
- the Group has power of significant influence on the decision making process of the investee
- the Group closely reviews the financial positions of the investee

(v) Liquidity risk

Liquidity risk is the risk that the Group cannot meet its current obligations as they fall due. For the management of the Group's 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 2012, the Group held cash and cash equivalents of HK$284,273,000 (2011: HK$365,328,000) 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 1 year HK$'000
At 31 March 2012	
Other payables	2,672
At 31 March 2011	
Other payables	4,303

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 values of financial assets traded in active markets such as listed equity investments are based on quoted market prices at the reporting date. The quoted market price for financial assets held by the Group usually is the current bid price.

Other unlisted equity investments, unlisted investment funds, unlisted debt instruments and unlisted derivatives 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).

Disclosures of level in fair value hierarchy at 31 March 2012:

	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				
Equity investments	8,474	280,993	231	289,698
Debt investments	–	–	12,592	12,592
Equity investments with embedded derivative	–	–	93,986	93,986
Derivatives	–	–	844	844
Available-for-sale financial assets				
Equity investments	29,725	–	470,933	500,658
Debt investments	–	–	152,702	152,702
Total	38,199	280,993	731,288	1,050,480

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5. FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

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

	Year ended 31 March 2012						
	Financial assets at fair value through profit or loss				Available-for-sale financial assets		
Description	Equity investments HK$'000	Equity investments with embedded derivative HK$'000	Debt Investments HK$'000	Derivatives HK$'000	Equity investments HK$'000	Debt investments HK$'000	Total HK$'000
At beginning of the Year	231	37,322	17,773	27,641	475,618	148,561	707,146
Total gains or losses recognised							
– in profit or loss (#)	–	56,664	(5,181)	(26,797)	–	–	24,686
– in other comprehensive income	–	–	–	–	(4,685)	(5,436)	(10,121)
Total interest recognised in profit or loss	–	–	300	–	–	9,577	9,877
Total interest received	–	–	(300)	–	–	–	(300)
Purchases/Additions	–	–	–	–	–	–	–
Disposal/Redemption	–	–	–	–	–	–	–
At end of the Year	231	93,986	12,592	844	470,933	152,702	731,288
(#) Include gains or losses for assets held at end of reporting period	–	56,664	(5,181)	(26,797)	–	–	24,686

Disclosures of level in fair value hierarchy at 31 March 2011:

	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				
Equity investments	8,750	280,958	231	289,939
Equity investments with embedded derivative	–	–	37,322	37,322
Debt instruments	–	–	17,773	17,773
Derivatives	–	–	27,641	27,641
Available-for-sale financial assets				
Equity investments	52,997	–	475,618	528,615
Debt investments	–	–	148,561	148,561
Total	61,747	280,958	707,146	1,049,851

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

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

	Year ended 31 March 2011						
	Financial assets at fair value through profit or loss				Available-for-sale financial assets		
Description	Equity investments HK$'000	Equity investments with embedded derivative HK$'000	Debt Investments HK$'000	Derivatives HK$'000	Equity investments HK$'000	Debt investments HK$'000	Total HK$'000
At beginning of the year	231	34,519	–	169,950	414,602	135,517	754,819
Total gains or losses recognised							
– in profit or loss (#)	–	2,803	7,479	(142,309)	–	–	(132,027)
– in other comprehensive income	–	–	–	–	49,363	3,493	52,856
Total interest recognised in profit or loss	–	–	294	–	–	9,551	9,845
Purchases/Additions	–	–	10,000	–	11,653	–	21,653
Disposal/Redemption	–	–	–	–	–	–	–
At end of the Year	231	37,322	17,773	27,641	475,618	148,561	707,146
(#) Include gains or losses for assets held at end of reporting period	–	2,803	7,479	(142,309)	–	–	(132,027)

The total gains or losses recognised, including those for assets held at the end of reporting period, are presented in the consolidated statement of comprehensive income.

The consolidated financial statements include holdings in unlisted financial instruments which are measured at fair value (note 17 and note 18). 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 (such as growth rate and market multiples) and a risk adjusted discount factor were used. The total amount of the change in fair value estimated using a valuation technique that was recognised in profit or loss during the Year was profit of HK$24,686,000 (2011: loss of HK$132,027,000), which is related to financial assets held at the end of the reporting period. If these inputs to the valuation model were 10% (2011: 10%) higher/lower with all the other variables held constant, the carrying amount of these unlisted financial instruments would increase/decrease by HK$10,765,000 (2011: HK$8,297,000).

6. REVENUE

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

	2012 **HK$'000**	2011 HK$'000
Dividend income from unlisted investments	**5,000**	–
Performance premium from co-investment partner	**26,616**	35,003
Interest income	**16,063**	12,931
	47,679	47,934

7. OTHER INCOME

	2012 **HK$'000**	2011 HK$'000
Exchange gains	**2,963**	632
Sundry income	**–**	139
	2,963	771

8. SEGMENT INFORMATION

The chief operating decision maker has been identified as the Board. The Board assesses 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 Board for decisions about resources allocation to the Group's business components and review of these components' performance, the Group has identified only one operating segment, being investment holding. Accordingly, segment disclosures are not presented.

Geographical information:

	2012 **HK$'000**	2011 HK$'000
Revenue		
Hong Kong	**19,183**	12,275
Mainland China	**28,496**	35,659
	47,679	47,934

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

8. SEGMENT INFORMATION (continued)

Non-current assets other than financial instruments

	2012 HK$'000	2011 HK$'000
Hong Kong	**90,257**	86,065
Mainland China	**–**	587
	90,257	86,652

Information about major investments and co-investment partners:

During the Year, dividend income derived from an associate and interest income derived from one of the Group's investments which accounted for 10% or more of the Group's revenue amounted to approximately HK$5,000,000 and HK$9,577,000 respectively (2011: interest income derived from one of the Group's investments amounted to HK$9,551,000).

During the Year, performance premium derived from one (2011: one) of the Group's co-investment partners which accounted for 10% or more of the Group's revenue amounted to approximately HK$26,616,000 (2011: HK$35,003,000).

9. INCOME TAX

(a) Hong Kong Profits Tax has been provided at a rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the Year.

	2012 HK$'000	2011 HK$'000
Provision for the Year	**–**	–
Write-back of tax over-provided in previous year	**(418)**	–
	(418)	–

(b) The reconciliation between the income tax and the product of loss before tax multiplied by Hong Kong Profits Tax rate is as follows:

	2012 HK$'000	2011 HK$'000
Loss before tax	**(43,048)**	(233,327)
Tax at Hong Kong Profits Tax rate of 16.5% (2011: 16.5%)	**(7,103)**	(38,499)
Tax effect of income that is not taxable	**(14,840)**	(5,482)
Tax effect of expenses that are not deductible	**21,806**	39,078
Tax effect of temporary differences not recognised	**4**	4
Tax effect of tax losses not recognised	**660**	5,009
Tax effect of utilisation of tax losses not previously recognised	**(527)**	–
Effect of different tax rate of a subsidiary	**–**	(110)
Write-back of tax over-provided in previous year	**(418)**	–
Income tax	**(418)**	–

10. LOSS FOR THE YEAR

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

	2012 HK$'000	2011 HK$'000
Auditor's remuneration		
Audit	800	566
Others	238	218
	1,038	784
Depreciation	169	202
Investment management fee	22,592	23,808
Operating lease payments in respect of office premises	2,493	1,388
Equity-settled share-based payments, other than those including in staff costs	–	10,607
Staff costs (including directors' emoluments)		
Salaries and other benefits	18,374	14,197
Retirement benefits scheme contributions	163	191
Equity-settled share-based payments	1,342	6,453
	19,879	20,841

(b) The loss for the Year dealt with in the financial statements of the Company was approximately HK$22,157,000 (2011: loss of HK$37,081,000) (note 23).

11. DIVIDENDS

The Board has resolved not to pay a final dividend for the Year (2011: Nil).

12. LOSS PER SHARE

(a) Basic loss per share

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

	2012 HK$'000	2011 HK$'000
Loss for the Year	42,630	233,327
Weighted average number of ordinary shares in issue (in thousand)	941,400	902,712
Basic loss per share	4.53 cents	25.85 cents

(b) Diluted loss per share

Diluted loss per share for both years were the same as the basic loss per share as the Company's outstanding share options had anti-dilutive effect as assumed issue of ordinary shares would reduce loss per share.

For the year ended 31 March 2012

13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to directors of the Company during the Year are 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
Non-executive directors				
LIU Hongru	100	–	–	100
Independent non-executive directors				
KWONG Che Keung, Gordon	250	–	–	250
HE Jia	250	–	–	250
WANG Xiaojun	250	–	–	250
	850	260	13	1,123

The emoluments paid or payable to directors of the Company during the year ended 31 March 2011 are 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	6	136
ZHANG Gaobo	–	130	7	137
Non-executive directors				
LIU Hongru	100	–	–	100
Independent non-executive directors				
KWONG Che Keung, Gordon	250	–	–	250
HE Jia	250	–	–	250
WANG Xiaojun	250	–	–	250
	850	260	13	1,123

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

(a) Directors' emoluments (continued)

The emoluments of the directors fell within the following bands:

	2012 Number of directors	2011 Number of directors
HK$Nil – HK$1,000,000	6	6

(b) Senior management's emoluments

Of the five individuals whose emoluments were the highest in the Group for the Year, none of them (2011: 0) was a director. The emoluments of the 5 individuals (2011: 5) are as follows:

	2012 HK$'000	2011 HK$'000
Salaries and other benefits	11,064	8,061
Retirement benefits scheme contributions	60	53
Discretionary bonuses	2,390	1,640
	13,514	9,754

During the year ended 31 March 2012 and 31 March 2011, 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 individuals (2011: 5) fell within the following bands:

	2012 Number of individuals	2011 Number of individuals
HK$Nil – HK$1,000,000	–	1
HK$1,000,001 – HK$2,000,000	2	2
HK$2,000,001 – HK$2,500,000	1	–
HK$2,500,001 – HK$3,000,000	–	1
HK$3,000,001 – HK$3,500,000	2	1

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Motor Vehicles HK$'000	Computer equipment HK$'000	Office equipment HK$'000	Furniture HK$'000	Fixtures HK$'000	Total HK$'000
Cost						
At 1 April 2010	–	33	7	71	110	221
Additions	573	102	10	46	–	731
Exchange differences	21	3	–	2	–	26
At 31 March 2011	594	138	17	119	110	978
Additions	–	6	–	1	–	7
Disposals	(624)	(81)	(6)	(51)	–	(762)
Write-off	–	–	–	–	(110)	(110)
Exchange differences	30	4	–	3	–	37
At 31 March 2012	–	67	11	72	–	150
Accumulated depreciation						
At 1 April 2010	–	8	1	33	71	113
Charge for the year	110	30	1	25	36	202
Exchange differences	1	1	–	–	–	2
At 31 March 2011	111	39	2	58	107	317
Charge for the Year	103	35	3	25	3	169
Written back on disposals	(222)	(40)	–	(15)	–	(277)
Write-off	–	–	–	–	(110)	(110)
Exchange differences	8	2	–	–	–	10
At 31 March 2012	–	36	5	68	–	109
Carrying amount						
At 31 March 2012	**–**	**31**	**6**	**4**	**–**	**41**
At 31 March 2011	483	99	15	61	3	661

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Computer equipment HK$'000	Office equipment HK$'000	Furniture HK$'000	Fixtures HK$'000	Total HK$'000
Cost					
At 1 April 2010	33	7	71	110	221
Additions	28	4	–	–	32
At 31 March 2011	61	11	71	110	253
Additions	6	–	1	–	7
Write-off	–	–	–	(110)	(110)
At 31 March 2012	67	11	72	–	150
Accumulated depreciation					
At 1 April 2010	8	1	33	71	113
Charge for the year	12	1	17	36	66
At 31 March 2011	20	2	50	107	179
Charge for the Year	16	3	18	3	40
Write-off	–	–	–	(110)	(110)
At 31 March 2012	36	5	68	–	109
Carrying amount					
At 31 March 2012	**31**	**6**	**4**	**–**	**41**
At 31 March 2011	41	9	21	3	74

15. INVESTMENTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES

	Company 2012 HK$'000	2011 HK$'000
Unlisted shares, at cost	**–**	–
Amounts due from subsidiaries	**642,054**	655,042

The amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms but are not expected to be repaid within next 12 months.

15. INVESTMENTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES (continued)

Details of the principal subsidiaries at 31 March 2012 are as follows:

Name of subsidiary	Place of incorporation and operation	Issued and paid up capital	Effective interest held	Principal activity
Golden Investor Investments Limited	British Virgin Islands	US$2	100%	Investment holding
OP Capital Investments Limited	Hong Kong	HK$1	100%	Investment holding
OPFI (GP1) Limited	Cayman Islands	US$1	100%	Investment holding
OP Investment Service Limited	Hong Kong	HK$1	100%	Management service
Profit Raider Investments Limited	British Virgin Islands	US$1	100%	Investment holding
Sunshine Prosper Limited	British Virgin Islands	US$1	100%	Investment holding
Suremind Investments Limited	British Virgin Islands	US$1	100%	Investment holding
Keynew Investments Limited	British Virgin Islands	US$1	100%*	Investment holding
Wisland Investments Limited	British Virgin Islands	US$1	100%*	Investment holding

* Shares held indirectly by the Company

On 23 August 2011, the Group entered into an agreement with Vitari Consultants Limited ("Vitari") to dispose of its interest in a wholly-owned subsidiary, 東英正奇投資顧問(北京)有限公司 ("OP Beijing") at a consideration of HK$660,000. The transaction has been approved by the local government of Beijing during the Year. A gain of HK$786,000 is recognised in the consolidated statement of comprehensive income from this transaction.

Vitari is considered as a related company of the Group as one of its directors, Mr. ZHANG Gaobo, has significant influence in Vitari during the Year.

On 20 December 2010, the Group disposed of 70% interest in Prodirect Investments Limited ("Prodirect") at a consideration of HK$56. The Group lost the control in this entity as the Group's interest is reduced from 100% to 30% and the carrying amount of the interest in Prodirect is now classified under "investments in associates" in the consolidated statement of financial position. A gain of HK$551,000 was recognised in the consolidated statement of comprehensive income from this transaction in the year ended 31 March 2011.

On 30 September 2010, the Group disposed of 90.91% interest in Ontrack Investments Limited ("Ontrack") at a consideration of HK$14.73 million. The Group lost the control in this entity as the Group's effective interest reduced from 100% to 9.09% and the carrying amount of the interest in Ontrack is now included in "available-for-sale" financial assets in the consolidated statement of financial position. A gain of HK$1,310,000 was recognised in the consolidated statement of comprehensive income from this transaction in the year ended 31 March 2011.

16. INVESTMENTS IN ASSOCIATES

	Group 2012 HK$'000	2011 HK$'000
Unlisted shares		
Share of net assets	90,216	85,991

	Company 2012 HK$'000	2011 HK$'000
Unlisted shares, at cost	60,000	60,000
Impairment losses	–	–
	60,000	60,000

Details of the Group's associates at 31 March 2012 are as follows:

Name of associate	Business structure	Place of incorporation and operation	Particular of issued shares held	Percentage of ownership interest	Principal activity	Cost HK$'000	Carrying amount HK$'000	Net assets attributable to the Group HK$'000
CSOP Asset Management Limited ("CSOP")	Corporate	Hong Kong	60,000,000 ordinary shares of HK$1 each	30% (2011: 30%)	Asset management and investment holding	60,000 (2011: 60,000)	86,172 (2011: 81,725)	86,172 (2011: 81,725)
Guotai Junan Fund Management Limited ("Guotai Junan")	Corporate	Hong Kong	2,990,000 ordinary shares of HK$1 each	29.9% (2011: 29.9%)	Asset management and trading in securities	2,990 (2011: 2,990)	3,666 (2011: 3,967)	3,666 (2011: 3,967)
OP Investment Management Limited (previously named as "OP Calypso Capital Limited") ("OPIM")	Corporate	Hong Kong	1,464,300 ordinary shares of HK$1 each	30% (Note) (2011: 30%)	Asset management	1,464 (2011: 1,464)	373 (2011: 256)	373 (2011: 256)
OP Investment Management (Cayman) Limited (previously named as "OP Calypso Capital (Cayman) Limited") ("OPIMC")	Corporate	Cayman Islands	600 ordinary shares of US$1 each	30% (Note) (2011: 30%)	Asset management	5 (2011: 5)	5 (2011: 5)	5 (2011: 5)
Prodirect Investments Limited ("PIL")	Corporate	British Virgin Islands	3 ordinary shares of US$1 each	30% (2011: 30%)	Investment holding	– (2011: –)	– (2011: –)	– (2011: –)
Top Commodity Capital Management Limited	Corporate	Hong Kong	45,000 ordinary shares of HK$1 each	0% (2011:30%)	Inactive	– (2011: 45)	– (2011: 38)	– (2011: 38)

Note: According to the Memorandum and Articles of Association of OPIM and OPIMC, each holder of ordinary shares is entitled to one vote for each ordinary share held. However, the holders of ordinary shares are not entitled to any dividend on their ordinary shares and the net profits of OPIM and OPIMC available for distribution by way of dividend are distributed among the holders of preference shares only.

On 7 July 2011, the Group signed an agreement to dispose of the 30% interest holding in Top Commodity Capital Management Limited ("Top Commodity") to its major shareholder at a consideration of HK$37,212. A loss on disposal of HK$661 was recognised in the consolidated statement of comprehensive income. Top Commodity was inactive in both years.

16. INVESTMENTS IN ASSOCIATES (continued)

Summarised financial information in respect of the Group's associates (based on the management accounts of the associates) is set out below:

	2012 HK$'000	2011 HK$'000
At 31 March		
Total assets	386,197	396,569
Total liabilities	(58,340)	(60,675)
Net assets	327,857	335,894
Group's share of associates' net assets	90,216	85,991
Year ended 31 March		
Total revenue	83,616	69,390
Total profits for the Year	9,736	15,389
Group's share of associates' profits for the Year	4,276	3,216

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 2012 HK$'000	Company 2012 HK$'000	Group 2011 HK$'000	Company 2011 HK$'000
Listed equity securities, at fair value	29,725	–	52,997	–
Unlisted equity securities, at fair value	470,933	–	475,618	–
Unlisted debt instruments, at fair value	128,602	–	134,038	–
	629,260	–	662,653	–

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17. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

Details of the Group's available-for-sale financial assets at 31 March 2012 are as follows:

Listed equity securities

	Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Market value HK$'000	Percentage of total assets of the Group	Net assets attributable to the Group (Note) HK$'000
(a)	Kaisun Energy Group Limited ("Kaisun Energy")	Cayman Islands	132,110,000 (2011: 129,260,000) ordinary shares of HK$0.01 each	5.0% (2011:5.1%)	133,745 (2011:133,138)	29,725 (2011: 52,997)	1.93%	41,490 (2011: 88,155)

Unlisted equity securities

	Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount HK$'000	Percentage of total assets of the Group	Net assets attributable to the Group (Note) HK$'000
(b)	OPIM (2011: CHK)	Hong Kong	1,000 non-voting preference shares of HK$1.00 each	100% (2011: 100%)	4,519 (2011: 4,519)	20,019# (2011: 27,019)	1.30%	1 (2011: 1)
(c)	OPIMC (2011: CC)	Cayman Islands	100 non-voting preference shares of USD1.00 each	100% (2011: 100%)	21,184 (2011: 21,184)	28,684# (2011:48,584)	1.86%	3,616 (2011: 8,133)
(d)	Thrive World Limited ("TWL")	British Virgin Islands	10 ordinary shares of USD1.00 each	10% (2011: 10%)	232,648 (2011: 232,648)	358,273# (2011:332,227)	23.25%	331,749 (2011: 332,227)
(e)	Crown Honor Holdings Limited ("CHHL")	British Virgin Islands	300,000 non-voting preference shares of USD0.10 each	30% (2011: 30%)	16,959 (2011: 16,959)	56,392# (2011: 58,208)	3.66%	139,666 (2011: 28,063)
(f)	Jin Dou Development Fund, L.P. ("Jin Dou")	Cayman Islands	US$1,500,000 contribution	1.48% (2011: 9.09%)	11,653 (2011: 11,653)	7,565# (2010: 9,580)	0.49%	7,565 (2011: 9,580)

Unlisted debt instruments

	Nature	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount HK$'000	Percentage of total assets of the Group	Net assets attributable to the Group HK$'000
(g)	Debt component in unlisted convertible bonds	N/A	N/A	N/A	123,110 (2011: 123,110)	128,602# (2011: 134,038)	8.35%	N/A

\# The carrying amounts also represent their fair values.

Note: The calculation of net assets attributable to the Group is based on the latest published interim reports or annual reports or unaudited accounts of the respective investments at the reporting date.

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

A brief description of the business and financial information of the investments, is as follows:

(a) The Company through a subsidiary, Profit Raider Investments Limited, holds 132,110,000 (2011: 129,260,000) ordinary shares issued by Kaisun Energy, a limited company incorporated in the Cayman Islands with its shares listed on the Growth Enterprise Market of the Stock Exchange. Kaisun Energy is principally engaged in the exploitation and sale of raw coal. No dividend was received during the Year. The latest audited loss attributable to shareholders of Kaisun Energy for its year ended 31 December 2011 was approximately HK$1,047,711,000 and the audited net assets attributable to shareholders of Kaisun Energy at 31 December 2011 was approximately HK$821,879,000. The fair value of the investment in Kaisun Energy is based on quoted market bid prices.

(b) The Company through a subsidiary, Suremind Investments Limited, holds 100% non-voting preference shares in OPIM. No dividend was received during the Year (2011: Nil). The unaudited profit for the Year of OPIM was approximately HK$391,000 and the unaudited net asset value of OPIM at 31 March 2012 was approximately HK$1,246,000. The fair value of 100% non-voting preference shares in OPIM at 31 March 2012 was determined by the directors by reference to the valuation carried out by an external independent valuer by using the Discounted Cash Flow Method which is based on the cash flow projections prepared by the management of OPIM derived from the most recent approved financial budgets for the next 9.75 years. The discount rate used is 14.34% and cash flows beyond 9.75-year period are extrapolated using a growth rate of 3%.

(c) The Company through a subsidiary, Suremind Investments Limited, holds 100% non-voting preference shares in OPIMC. Dividend of HK$5,000,000 has been declared and received during the Year (2011: Nil). The unaudited loss for the Year of OPIMC was approximately HK$4,517,000 and the unaudited net asset value of OPIMC as at 31 March 2012 was approximately HK$3,632,000. The fair value of 100% non-voting preference shares in OPIMC was determined by the directors by reference to the valuation carried out by an external independent valuer by using the Discounted Cash Flow Method which is based on the cash flow projections prepared by the management of OPIMC derived from the most recent approved financial budgets for the next 9.75 years. The discount rate used is 14.34% and cash flows beyond 9.75-year period are extrapolated using a growth rate of 3%.

(d) The Company through a subsidiary, Wisland Investments Limited, holds 10% ordinary shares in TWL. TWL, an investment holding company, holds 50% equity interests in Nobel Holdings Investment Limited ("NHIL"). NHIL is in the business of exploration and production of oil and natural gas in Russia. No dividend was received during the Year. The unaudited profit for the year ended 31 December 2011 of TWL was approximately HK$60,477,000 and the unaudited net asset value of TWL at 31 December 2011 was approximately HK$3,317,000,000. The fair value of the investment in TWL is determined by the directors mainly based on the fair value of the underlying assets held by TWL, determined by reference to the valuation carried out by an external independent valuer by Discounted Cash Flow Method which is based on a technical report issued by an international oil and gas consulting firm appointed by the management of NHIL in respect of the estimated oil reserves for the next 18.75 years. The discount rate used is 13.68%.

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

(e) The Company through a subsidiary, Sunshine Prosper Limited, holds 80% non-voting preference shares in CHHL. 30% non-voting preference shares in CHHL are classified as available-for-sale financial assets; whereas 50% non-voting preference shares in CHHL with embedded derivative of percentage adjustment are classified as financial assets at fair value through profit or loss (details of which are set out in note 18 to the financial statements).

The fair value of the 30% non-voting preference shares in CHHL at 31 March 2012 was determined by the directors with reference to the valuation carried out by an external independent valuer by using the Binomial Method which is based on the latest transaction price obtained from a private placement transaction of the operating entity of CHHL – 廣州美臣投資管理諮詢有限公司 ("GZ Meichen") in the subsequent period. Please refer to note 29 "Event after the reporting period" for details of the transaction.

The audit of the consolidated financial statements of CHHL for the year ended 31 December 2010 is not yet finalised as of the date of the annual report for the year ended 31 March 2011. After taking into account the relevant financial information of CHHL, the directors consider the valuation result as recognised in the interim report as of 30 September 2010 that was based on an independent valuation report still represents the best estimated fair value of the CHHL-related financial assets as at 31 March 2011.

(f) The Company through a subsidiary, OPFI(GP1) Limited, contributed US$1,500,000 to Jin Dou, a partnership with a co-investment partner, for the purpose of exploring agricultural investment opportunities in Kazakhstan. An additional funding of US$85,000,000 has been injected into the partnership by the co-investment partner during the Year, diluting the Group's share of interest from 9.09% to 1.48%. Based on the latest 31 December 2011 unaudited financial statements of Jin Dou, the Group shared its loss for the year and net assets of approximately HK$2.01 million and HK$7.57 million respectively. As the project is still in exploring stage and the future income streams are uncertain, the fair value of the investment was determined by reference to the net asset value as at 31 December 2011.

(g) The Company through a subsidiary, Profit Raider Investments Limited, holds convertible bonds with an aggregate principal amount of HK$142,620,000 issued by Kaisun Energy. The convertible bonds bear interest at 3.75% per annum with maturity on 10 June 2013. The Group can exercise the conversion option at any time until the maturity date. The conversion price is HK$0.7 per share. Unless previously converted or redeemed or repurchased, Kaisun Energy shall redeem the convertible bonds at the outstanding principal amount together with interest accrued thereon at the maturity date. The convertible bonds (debt component) are classified as available-for-sale financial assets; separating the equity conversion option (the embedded derivative) from the host bond classified as financial assets at fair value through profit or loss (note 18). The fair value of the debt component of the convertible bonds was determined by reference to the valuation carried out by an external independent valuer by using the Discounted Cash Flow Method. The discount rate used is 4.218%.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group 2012 HK$'000	Company 2012 HK$'000	Group 2011 HK$'000	Company 2011 HK$'000
Equity securities listed in Hong Kong	8,474	8,474	8,750	8,750
Unlisted investment funds	280,993	49,437	280,958	–
Unlisted equity securities	231	–	231	–
Unlisted equity securities with embedded derivative	93,986	–	37,322	–
Derivatives	844	–	27,641	–
Unlisted debt securities	12,298	–	17,479	–
	396,826	57,911	372,381	8,750
Analysed as:				
Current assets	383,453	57,911	333,890	8,750
Non-current assets	13,373	–	38,491	–
	396,826	57,911	372,381	8,750

The investments in listed equity securities, unlisted investment funds and derivatives are classified as held for trading; whereas the investments in unlisted equity securities, unlisted equity securities with embedded derivative and unlisted debt securities are designated as financial assets at fair value through profit or loss on initial recognition.

During the Year, net unrealised loss of approximately HK$24,667,000 (2011: net unrealised loss of approximately HK$128,109,000) arising from changes in fair value of financial assets at fair value through profit or loss was recognised in the consolidated statement of comprehensive income.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Details of the Group's financial assets at fair value through profit or loss are as follows:

At 31 March 2012

Equity securities listed on the Stock Exchange

	Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Market value HK$'000	Unrealised gain/(loss) (Note 1) HK$'000	Percentage of total assets of the Group	Net assets attributable to the Group (Note 2) HK$'000
(a)	China Data Broadcasting Holdings Limited ("CHINA DATA")	Bermuda	4,870,000 ordinary shares of HK$0.025 each	1.46%	9,535	8,474	(49)	0.55%	701

Unlisted investment funds

	Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount HK$'000	Unrealised gain/(loss) (Note 1) HK$'000	Percentage of total assets of the Group	Net assets attributable to the Group (Note 2) HK$'000
(b)	Calypso Asia Fund	Cayman Islands	166,757 participating shares of USD0.01 each	N/A	131,169	121,913#	(20,852)	7.91%	121,913
(b)	Greater China Select Fund	Cayman Islands	37,462 participating shares of USD0.01 each	N/A	30,000	23,855#	(5,168)	1.55%	23,855
(b)	Greater China Special Value Fund	Cayman Islands	127,408 participating shares of USD0.01 each	N/A	97,160	85,788#	(23,382)	5.57%	85,788
(b)	CSOP Shen Zhou RMB Fund	Cayman Islands	4,000,000 participating shares of RMB10 each	N/A	49,316	49,437#	99	3.21%	49,437

Unlisted equity securities

	Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount HK$'000	Unrealised gain/(loss) (Note 1) HK$'000	Percentage of total assets of the Group	Net assets attributable to the Group (Note 2) HK$'000
(c)	CHHL	British Virgin Islands	300,000 ordinary shares of USD0.10 each	30%	231	231#	–	0.01%	231

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

At 31 March 2012 (continued)

Unlisted equity securities with embedded derivative

	Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount HK$'000	Unrealised gain/(loss) (Note 1) HK$'000	Percentage of total assets of the Group	Net assets attributable to the Group (Note 2) HK$'000
(c)	CHHL – 500,000 preference shares with embedded derivative of percentage adjustment	British Virgin Islands	500,000 non-voting preference shares of USD0.10 each	50%	28,264	93,986#	56,664	6.10%	93,986

Derivatives

	Nature	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount HK$'000	Unrealised gain/(loss) (Note 1) HK$'000	Percentage of total assets of the Group	Net assets attributable to the Group (Note 2) HK$'000
(c)	Profit guarantees	N/A	N/A	N/A	N/A	–	(6,860)	NIL	N/A
(d)	Derivative component in unlisted convertible bonds	N/A	N/A	N/A	104,954	844#	(19,937)	0.05%	N/A

Unlisted debt securities

	Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount HK$'000	Unrealised gain/(loss) (Note 1) HK$'000	Percentage of total assets of the Group	Net assets attributable to the Group (Note 2) HK$'000
(e)	Convertible bond issued by Glory Wing International Limited ("Glory Wing")	British Virgin Islands	N/A	N/A	10,000	12,298#	(5,181)	0.80%	N/A

The carrying amounts also represent their fair values.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

At 31 March 2011

Equity securities listed on the Stock Exchange

	Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Market value HK$'000	Unrealised gain/(loss) (Note 1) HK$'000	Percentage of total assets of the Group	Net assets attributable to the Group (Note 2) HK$'000
(a)	CHINA DATA	Bermuda	5,000,000 ordinary shares of HK$0.025 each	1.57%	9,535	8,750	4,000	0.55%	492

Unlisted investment funds

	Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount HK$'000	Unrealised gain/(loss) (Note 1) HK$'000	Percentage of total assets of the Group	Net assets attributable to the Group (Note 2) HK$'000
(b)	Calypso Asia Fund	Cayman Islands	166,757 participating shares of US$0.01 each	N/A	154,864	142,765#	(12,278)	8.99%	142,765
(b)	Greater China Select Fund	Cayman Islands	37,462 participating shares of US$0.01 each	N/A	30,000	29,023#	185	1.83%	29,023
(b)	Greater China Special Value Fund	Cayman Islands	127,408 participating shares of US$0.01 each	N/A	97,160	109,170#	12,010	6.87%	109,170

Unlisted equity securities

	Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount HK$'000	Unrealised gain/(loss) (Note 1) HK$'000	Percentage of total assets of the Group	Net assets attributable to the Group (Note 2) HK$'000
(c)	CHHL	British Virgin Islands	300,000 ordinary shares of US$0.10 each	30%	231	231#	–	0.01%	231

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

At 31 March 2011 (continued)

Unlisted equity securities with embedded derivative

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount HK$'000	Unrealised gain/(loss) (Note 1) HK$'000	Percentage of total assets of the Group	Net assets attributable to the Group (Note 2) HK$'000
(c) CHHL – 500,000 preference shares with embedded derivative of percentage adjustment	British Virgin Islands	500,000 non-voting preference shares of US$0.10 each	50%	28,264	37,322#	2,804	2.35%	46,772

Derivatives

Nature	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount HK$'000	Unrealised gain/(loss) (Note 1) HK$'000	Percentage of total assets of the Group	Net assets attributable to the Group (Note 2) HK$'000
(c) Profit guarantees	N/A	N/A	N/A	N/A	6,860#	(401)	0.43%	N/A
(d) Derivative component in unlisted convertible bonds	N/A	N/A	N/A	104,954	20,781#	(141,908)	1.31%	N/A

Unlisted debt securities

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount HK$'000	Unrealised gain/(loss) (Note 1) HK$'000	Percentage of total assets of the Group	Net assets attributable to the Group (Note 2) HK$'000
(e) Convertible bond issued by Glory Wing International Limited (Glory Wing)	British Virgin Islands	N/A	N/A	10,000	17,479#	7,479	1.10%	N/A

The carrying amounts also represent their fair values.

Notes:

(1) The unrealised gain/loss represented the changes in fair value of the respective investments during the Year.

(2) The calculation of net assets attributable to the Group is based on the latest published interim reports or annual reports or unaudited accounts of the respective investments at the reporting date.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

A brief description of the business and financial information of the investments is as follows:

(a) CHINA DATA is principally engaged in the trading of consumer electronic products and the related parts and components. No dividend was received during the Year. The audited profit attributable to shareholders of CHINA DATA for its year ended 31 December 2011 was approximately HK$10,471,000 and the audited net assets attributable to shareholders of CHINA DATA at 31 December 2011 was approximately HK$48,091,000. The fair value of the investment in CHINA DATA is based on quoted market bid prices.

(b) Calypso Asia Fund, Greater China Select Fund and Greater China Special Value Fund are open ended funds which primary objective is to provide absolute returns through pursuing different strategies, investing primarily in liquid equities and derivative instruments. No dividend was received during the Year. The unaudited net asset values of Calypso Asia Fund, Greater China Select Fund and Greater China Special Value Fund attributable to the Group as at 31 March 2012 were approximately HK$121,913,000, HK$23,855,000 and HK$85,788,000 respectively. The fair values of these unlisted investment funds were established by reference to the prices quoted by the fund administrator.

CSOP Shen Zhou RMB Fund is an open ended fund whose primary objective is to seek long term and stable capital growth through investments primarily in bonds associated within Mainland China and China A-Shares through the RQFII quota of its Manager - CSOP Asset Management Limited. It was launched in February 2012. The fair value was established by reference to the prices quoted by the fund administrator.

(c) Pursuant to the Subscription Agreement, the Group through a subsidiary, Sunshine Prosper Limited, holds 30% ordinary shares, and 80% non-voting preference shares in CHHL. CHHL, through its subsidiaries (together "CHHL Group"), is principally engaged in managing an insurance policy distribution network. The audited consolidated profit attributable to shareholders of CHHL for the year ended 31 December 2011 was RMB60,672,000 (approximately HK$74,836,000) and the audited consolidated net assets attributable to shareholders of CHHL at 31 December 2011 was RMB162,007,000 (approximately HK$199,827,000).

According to the Memorandum and Articles of Association of CHHL, each holder of ordinary share is entitled to one vote at a meeting of the shareholders; whereas the holders of non-voting preference shares are entitled to all the audited consolidated profit after tax of CHHL. No dividend was received during the Year.

As part of the Subscription Agreement, the percentages of shareholdings of non-voting preference shares held by the Group and the co-investor shall be adjusted in accordance with the audited consolidated profit after tax for the financial years end on 31 December 2009, 31 December 2010 and 31 December 2011 in the manners specified in the Subscription Agreement (the "Percentage Adjustment"). The Group's return thereon will change in response to the changes in operating results of CHHL and hence an embedded derivative exists in the terms of the Subscription Agreement with respect to adjustment up to a maximum of 50% of non-voting preference shares in CHHL held by the Group. The 50% non-voting preference shares in CHHL (subject to the Percentage Adjustment) including the related embedded derivative are designated as financial assets at fair value through profit or loss; whereas the 30% non-voting preference shares are accounted for as available-for-sale financial assets.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

(c) Pursuant to the Subscription Agreement, CHHL and certain warrantors provide profit guarantees to the Group that the audited consolidated profit after tax of CHHL will not be less than RMB20 million and RMB60 million for the financial years ended 31 December 2009 and 31 December 2010 respectively (the "Profit Guarantee"). If CHHL fails to meet the aforesaid guaranteed profit in any of the two years, the warrantors shall pay a cash compensation for the relevant year equivalent to the shortfall of the guaranteed profit attributable to the Group's equity interest of non-voting preference shares in CHHL. Alternatively, the Group may exercise its rights to call for redemption of all or any part of the non-voting preference shares held at a price specified in the Subscription Agreement.

Subsequent to the reporting date, GZ Meichen, the operating entity of CHHL, will issue new share capital to strategic investors for cash ("GZ Meichen Placement") to finance its business expansion and repayment of indebtedness. The GZ Meichen Placement was priced based on GZ Meichen's 2012 forward earnings of RMB90 million and a post-money gross valuation of RMB920 million. Please refer to note 29 "Event after the reporting period" for details of the GZ Meichen Placement. The Group has engaged an independent valuer to estimate the value of GZ Meichen based on the pricing of this Transaction and its historical and latest audited financial statements of GZ Meichen for its year ended 31 December 2011. The Directors of the Group determine that this would serve the best estimate of the value of our CHHL assets.

The audit of the consolidated financial statements of CHHL for the year ended 31 December 2010 is not yet finalised as of the date of the annual report for the year ended 31 March 2011. After taking into account the relevant financial information of CHHL, the directors consider the valuation result as recognised in the interim report as of 30 September 2010 that was based on an independent valuation report still represents the best estimated fair value of the CHHL-related financial assets as at 31 March 2011.

(d) The fair value of the derivative component in unlisted convertible bonds issued by Kaisun Energy is determined by reference to the valuation carried out by an external independent valuer by using the Binomial Option Pricing Model. The inputs to the model are as follows:

Expected volatility	–	56.86%
Dividend yield	–	0%
Spot price	–	HK$0.24
Risk free rate	–	0.163%

(e) Glory Wing is an investment vehicle whose core position is an Iron Ore mining operation called Taolegai Mine, located in Inner Mongolia. Glory Wing has invested a total of HK$70 million and the amount was financed by issuance of convertible bonds, of which OP Financial's allocation is HK$10 million. The convertible bonds bear interest at 3% per annum with maturity on 9 April 2013. The Group can exercise the conversion option at any time until the maturity date. The fair value of the instrument was determined by reference to the valuation carried out by an external independent valuer by using the Discontinued Cash Flow Method and Binomial Option Pricing Model. The inputs to the models are as follows:

Expected volatility	–	54.43%
Dividend yield	–	0%
Share Price	–	HK$25,600
Risk free rate	–	0.152%

19. ACCOUNTS AND LOANS RECEIVABLE

Group

	Note	2012 HK$'000	2011 HK$'000
Accounts receivable	(a)	18,569	11,060
Amounts due from associates	(b)	37	37
Loan to an investee, repayable within one year	(c)	56,558	61,100
Loan to an associate, repayable within one year	(d)	1,500	–
Loan to an associate, not repayable within one year		–	1,500
Other loan, repayable within one year	(e)	3,500	–
Other loan, not repayable within one year		–	3,500
		80,164	77,197

Company

	Note	2012 HK$'000	2011 HK$'000
Amounts due from associates	(b)	37	37
Loan to an associate, repayable within one year	(d)	1,500	–
Loan to an associate, not repayable within one year		–	1,500
Other loan, repayable within one year	(e)	3,500	–
Other loan, not repayable within one year		–	3,500
		5,037	5,037

(a) At 31 March 2012, the Group's accounts receivable represented performance premium receivable from a co-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:

	2012 HK$'000	2011 HK$'000
Unbilled	3,872	–
Within 3 months	3,700	3,633
3–6 months	3,700	3,713
6–12 months	7,297	3,714
	18,569	11,060

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

At 31 March 2012, the accounts receivable was neither past due nor impaired.

(b) Amounts due from associates arise mainly from administrative expenses paid by the Group on behalf of the associates. The amounts are unsecured, interest-free and have no fixed repayment terms. No provision has been made on the balances.

(c) Loan to an investee is unsecured, bearing interest at 4% per annum. It has been matured on 31 December 2011. The repayment of the loan will be financed by the proceeds of the subsequent GZ Meichen Placement and the Group expects it to be within 2012. No material recoverability problem of the loan receivable is expected.

(d) Loan to an associate is unsecured, interest-free and repayable within one year.

(e) Other loan represents loan to the major shareholder of one of the Group's associates. It is unsecured, interest-free and repayable within one year.

20. DEFERRED TAX

At 31 March 2012, deferred tax has not been recognised in respect of the following items:

	Group 2012 HK$'000	Company 2012 HK$'000	Group 2011 HK$'000	Company 2011 HK$'000
Unused tax losses	26,674	22,917	29,883	22,677
Deductible temporary differences	66	66	41	41
	26,740	22,983	29,924	22,718

At 31 March 2012, the Group has not recognised deferred tax asset in respect of unused tax losses of approximately HK$26,674,000 (2011: approximately HK$29,883,000) due to the unpredictability of future profit streams. The balance will not expire until utilised (2011: HK$1,291,000 and HK$190,000 will expire in 5 and 4 years respectively).

At 31 March 2012, the Group has not recognised deferred tax asset in respect of excess of accounting depreciation over tax depreciation of approximately HK$66,000 (2011: HK$41,000).

21. SHARE CAPITAL

	Number of shares			
	2012 '000	2011 '000	2012 HK$'000	2011 HK$'000
Authorised				
Ordinary shares of HK$0.10 each	2,000,000	2,000,000	200,000	200,000
Issued and fully paid:				
Ordinary shares of HK$0.10 each				
At beginning of the Year	941,400	784,500	94,140	78,450
Issue of shares by placing	–	156,900	–	15,690
At end of the Year	941,400	941,400	94,140	94,140

On 30 June 2010, 156,900,000 new ordinary shares were issued at the subscription price of HK$1.9 per share. The new shares of HK$0.10 each rank pari passu in all aspects with the existing shares of the Company. The net proceeds from the placing (after deducting share issue expenses of HK$15,035,000) was HK$283,075,000 and resulted in an increase in share premium of HK$267,385,000.

21. 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 2012 and 2011.

Neither the Company nor its subsidiaries is subject to externally imposed requirements.

22. SHARE OPTION SCHEME

Under the Share Option Scheme adopted on 19 March 2003 and refreshed on 21 January 2008, 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, full-time employees) 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 of 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.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

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22. SHARE OPTION SCHEME (continued)

Movement of the Company's share options during the Year ended 31 March 2012:

Grantee	Date of grant	Outstanding at beginning of the Year	Granted during the Year	Lapsed during the Year	Forfeited during the Year	Outstanding at end of the Year	Exercise price HK$	Exercise period
Directors of group companies	20.4.2010	3,500,000	–	–	–	3,500,000	1.64	20.4.2010 to 19.4.2015
Directors of group companies	20.4.2010	3,500,000	–	–	–	3,500,000	1.64	31.7.2010 to 19.4.2015
Directors of group companies	20.4.2010	1,750,000	–	–	–	1,750,000	1.64	31.12.2010 to 19.4.2015
Directors of group companies	20.4.2010	1,750,000	–	–	–	1,750,000	1.64	31.3.2011 to 19.4.2015
Directors of group companies	20.4.2010	3,500,000	–	–	–	3,500,000	1.64	31.12.2012 to 19.4.2015
Employees	20.4.2010	2,550,000	–	–	–	2,550,000	1.64	20.4.2010 to 19.4.2015
Employees	20.4.2010	1,750,000	–	–	–	1,750,000	1.64	31.7.2010 to 19.4.2015
Employees	20.4.2010	1,750,000	–	–	–	1,750,000	1.64	31.3.2011 to 19.4.2015
Employees	20.4.2010	1,750,000	–	–	–	1,750,000	1.64	31.12.2012 to 19.4.2015
Consultants	18.2.2011	13,000,000	–	–	–	13,000,000	1.64	18.2.2011 to 17.2.2016
		34,800,000	–	–	–	34,800,000		

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22. SHARE OPTION SCHEME (continued)

Movement of the Company's share options during the year ended 31 March 2011:

Grantee	Date of grant	Outstanding at beginning of the year	Granted during the year	Lapsed during the year	Forfeited during the year	Outstanding at end of the year	Exercise price HK$	Exercise period
Directors	20.12.2007	2,000,000	–	(2,000,000)	–	–	1.974	20.12.2007 to 20.12.2010
Employees	20.12.2007	3,800,000	–	(3,800,000)	–	–	1.974	20.12.2007 to 20.12.2010
Directors of group companies	20.4.2010	–	3,500,000	–	–	3,500,000	1.64	20.4.2010 to 19.4.2015
Directors of group companies	20.4.2010	–	3,500,000	–	–	3,500,000	1.64	31.7.2010 to 19.4.2015
Directors of group companies	20.4.2010	–	1,750,000	–	–	1,750,000	1.64	31.12.2010 to 19.4.2015
Directors of group companies	20.4.2010	–	1,750,000	–	–	1,750,000	1.64	31.3.2011 to 19.4.2015
Directors of group companies	20.4.2010	–	3,500,000	–	–	3,500,000	1.64	31.12.2012 to 19.4.2015
Employees	20.4.2010	–	2,550,000	–	–	2,550,000	1.64	20.4.2010 to 19.4.2015
Employees	20.4.2010	–	1,750,000	–	–	1,750,000	1.64	31.7.2010 to 19.4.2015
Employees	20.4.2010	–	1,750,000	–	–	1,750,000	1.64	31.3.2011 to 19.4.2015
Employees	20.4.2010	–	1,750,000	–	–	1,750,000	1.64	31.12.2012 to 19.4.2015
Consultant	20.4.2010	–	2,000,000	–	(2,000,000)	–	1.64	31.7.2010 to 19.4.2015
Consultant	20.4.2010	–	2,000,000	–	(2,000,000)	–	1.64	30.6.2011 to 19.4.2015
Consultant	20.4.2010	–	3,000,000	–	(3,000,000)	–	1.64	31.12.2012 to 19.4.2015
Consultants	18.2.2011	–	13,000,000	–	–	13,000,000	1.64	18.2.2011 to 17.2.2016
		5,800,000	41,800,000	(5,800,000)	(7,000,000)	34,800,000		

22. SHARE OPTION SCHEME (continued)

Notes:

(a) The closing prices of the ordinary shares of the Company immediately before the date on which the options were granted was HK$1.55 and HK$1.52 on 20 April 2010 and 18 February 2011 respectively.

(b) The Black-Scholes 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 April 2010 was as follows:

Theoretical aggregate value:	HK$13,706,000
Fair value recognised in profit or loss during the Year:	HK$1,342,000
Risk free interest rate:	2.027%
Expected volatility:	97.288%
Expected life of the options:	5 years from the date of grant
Expected dividend yield:	2.423%

Details of the share options granted on 18 February 2011 was as follows:

Theoretical aggregate value:	HK$10,607,000
Fair value recognised in profit or loss during the Year:	Nil
Risk free interest rate:	1.897%
Expected volatility:	99.38%
Expected life of the options:	5 years from the date of grant
Expected dividend yield:	0.75%

The measurement dates of the share options were 20 April 2010 and 18 February 2011, 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.

23. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(b) Company

	Share premium HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2010	792,438	6,120	(41,377)	757,181
Issues of shares by placing	267,385	–	–	267,385
Grant of share options	–	17,224	–	17,224
Share options forfeited	–	(164)	–	(164)
Share options lapsed	–	(6,120)	6,120	–
Total comprehensive income for the year	–	–	(37,081)	(37,081)
At 31 March 2011	1,059,823	17,060	(72,338)	1,004,545
Share options vested	–	1,342	–	1,342
Total comprehensive income for the Year	–	–	(22,157)	(22,157)
At 31 March 2012	**1,059,823**	**18,402**	**(94,495)**	**983,730**

The Company's reserves available for distribution comprise share premium, share-based payment reserve and accumulated losses. In the opinion of the directors, the Company's reserves available for distribution to the shareholders at 31 March 2012 were approximately HK$983,730,000 (2011: HK$1,004,545,000).

(c) Nature and purpose of reserves

(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.

(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 recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3(n) to the consolidated financial statements.

(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(f) to the consolidated financial statements.

24. 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 2012 of approximately HK$1,538,223,000 (2011: HK$1,588,288,000) by the number of ordinary shares in issue at that date, being 941,400,000 (2011: 941,400,000).

25. MAJOR NON-CASH TRANSACTIONS

There is no major non-cash transaction during the Year.

26. COMMITMENTS

(a) Capital commitment

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

	Group 2012 HK$'000	Group 2011 HK$'000
Capital contribution to Jin Dou	**104,841**	–

According to the "Supplementary to Limited Partnership Agreement" signed between the Group and the limited partner of Jin Dou Development Fund, L.P. during the Year, the Group has committed to a further capital contribution of US$13.5 million (equivalent to HK$104,841,000) to Jin Dou. The calling of the committed capital contribution lies upon the future funding needs of Jin Dou.

(b) Operating lease commitment

At 31 March 2012, the total future minimum lease payments under non-cancellable operating lease for office premise and staff quarter are payable as follows:

	Group 2012 HK$'000	Group 2011 HK$'000
Within one year	**2,985**	2,509
In the second to fifth years inclusive	**–**	–
	2,985	2,509

27. 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 and balances	2012 HK$'000	2011 HK$'000
Oriental Patron Asia Limited ("OPAL") (note a)	Investment management fee paid/ payable (of which approximately HK$1,824,000 (2011: approximately HK$2,063,000) was included in other payables) (note c)	**22,592**	23,808
Oriental Patron Finance Limited ("OPFL") (note b)	Rental paid (note d)	**–**	573
Oriental Patron Management Service Limited ("OPMSL") (note b & d)	Rental paid (note d)	**2,265**	410

27. RELATED PARTY TRANSACTIONS (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.

(b) OPFL and OPMSL are related companies. Both directors of the Company, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo, have significant influence in OPFL and OPMSL.

(c) Investment management fee is 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.

(d) The Company, through a wholly-owned subsidiary, entered into a licence agreement with OPMSL, a wholly-owned subsidiary of OPFSGL, on 31 March 2011 in respect of the provision of the principal place of business of the Company for a monthly rental of HK$188,730 effective from 1 April 2011 to 31 March 2012.

The Company entered into a licence agreement with OPFL on 13 March 2009 in respect of the principal place of business of the Company for a monthly rental of HK$81,900 effective from 13 March 2009 to 30 October 2010. The licence agreement was rearranged effective on 1 November 2010 with OPMSL for the same monthly rental.

(e) Please refer to note 15 and 19 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 13 to the consolidated financial statements.

28. 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 the consolidated statement of comprehensive income amounted to approximately HK$163,000 (2011: approximately HK$191,000).

29. EVENTS AFTER THE REPORTING PERIOD

As of 31 March 2012, the Company through a subsidiary, Sunshine Prosper Limited ("Sunshine Prosper"), holds 30% voting ordinary shares and 80% non-voting preference shares in CHHL. CHHL via certain special purpose companies (together "Investment Holding Entities") beneficially holds 100% beneficial interest in GZ Meichen and its subsidiaries (together "Operating Entities") which is principally engaged in the insurance brokerage business in the PRC.

From March to May 2012, GZ Meichen entered into various subscription agreements to raise a total of RMB200 million (the "GZ Meichen Placement") to finance business expansion and repayment of indebtedness. In order to facilitate the GZ Meichen Placement, CHHL and GZ Meichen will undergo a shareholding re-organisation under which, Sunshine Prosper's effective economic interest in GZ Meichen via Investment Holding Entities will be transformed into 30% equity interest in Operating Entities pursuant to spirit of the Percentage Adjustment.

It is also expected that upon completion of GZ Meichen Placement, Sunshine Prosper's equity interest in Operating Entities will be diluted to 23.5%. As of the date of the approval of these consolidated financial statements, GZ Meichen Placement is still not yet completed.

30. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 20 June 2012.

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				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**47,679**	47,934	458,201	7,663	9,464
(Loss)/profit before tax	**(43,048)**	(233,327)	478,368	(25,616)	(16,783)
Income tax	**418**	–	(5,298)	–	–
(Loss)/profit for the year	**(42,630)**	(233,327)	473,070	(25,616)	(16,783)
Other comprehensive income	**(8,777)**	41,381	120,257	41,461	–
Total comprehensive income	**(51,407)**	(191,946)	593,327	15,845	(16,783)

	At 31 March				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**1,540,895**	1,596,764	1,554,399	901,075	765,216
Total liabilities	**(2,672)**	(8,476)	(74,300)	(14,303)	(16,937)
Net assets	**1,538,223**	1,588,288	1,480,099	886,772	748,279