



# PRIMED • READY

Interim Report 2014



OP Financial Investments Limited

Stock Code: 1140

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## **Forward-Looking Statements**

This interim 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*)

### **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

Mr. LEUNG Kai Wai

(appointed on 10 October 2014)

Ms. TAM Yuen Wah

(resigned on 10 October 2014)

## COMPANY SECRETARY

Mr. LEUNG Kai Wai

(appointed on 10 October 2014)

Ms. TAM Yuen Wah

(resigned on 10 October 2014)

## INVESTOR RELATIONS OFFICER

Mr. FAN Alvin Makay

Ms. WU Shan

## INVESTMENT MANAGER

Oriental Patron Asia Limited

## AUDITOR

PricewaterhouseCoopers

## Corporate Information (Continued)

### PRINCIPAL REGISTRARS

Royal Bank of CanadaTrust Company  
(Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman KY1-1110  
Cayman Islands

### BRANCH REGISTRARS

Tricor Abacus Limited  
Level 22, Hopewell Centre  
183 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

Bank of Communication Co., Ltd. Hong Kong Branch  
China Construction Bank (Asia) Corporation Limited  
Industrial and Commercial Bank of China (Asia) Limited

### CUSTODIAN

Standard Chartered Bank (Hong Kong) Limited  
(closed on 26 May 2014)  
Hang Seng Bank Limited (effective 26 May  
2014)

### STOCK CODE

The Stock Exchange of Hong Kong Limited  
Code: 1140

### WEBSITE

[www.opfin.com.hk](http://www.opfin.com.hk)



# Chairman's Statement

Dear Shareholders,

I am pleased to announce the results for the period ended 30 September 2014. The consolidated net asset value of OP Financial Investments Limited ("OPFI") amounted to HK\$1.25 billion. The net asset value per share is HK\$1.33. OPFI's portfolio fared well considering the mixed results in the first half of 2014. Our revenue amounted to HK\$20.2 million during the period. Our 2013/2014 final dividend of HK\$5 cents per share was distributed in August 2014.

CSOP, our investee JV with China Southern, performed well among our investments in financial services platform. As the largest RQFII manager in the world, CSOP's product innovation establishes its leading role in the internationalization of the Renminbi. Its AUM has increased rapidly to exceed HK\$58 billion. Along with the launch of the Shanghai-Hong Kong Connect scheme, global confidence increases the demand for Renminbi denominated products, which will be beneficial for CSOP's further development.

The global political and economic environment brought challenges for the Group's direct investments. Despite the harsh sanctions on Russia, excess supply of crude oil and uncertainties about divergent monetary policies, our investee, Nobel, remained operationally stable.

OPFI invested in healthcare and green energy sectors, which showed considerable promise during the Period. One of these positions, a US based insulin product developer, gained market recognition and wider acceptance of its technology. These investments, albeit small, provide us with the foundation and confidence.

During the period, we rebalanced the book by redeeming HK\$150 million of incubated funds.

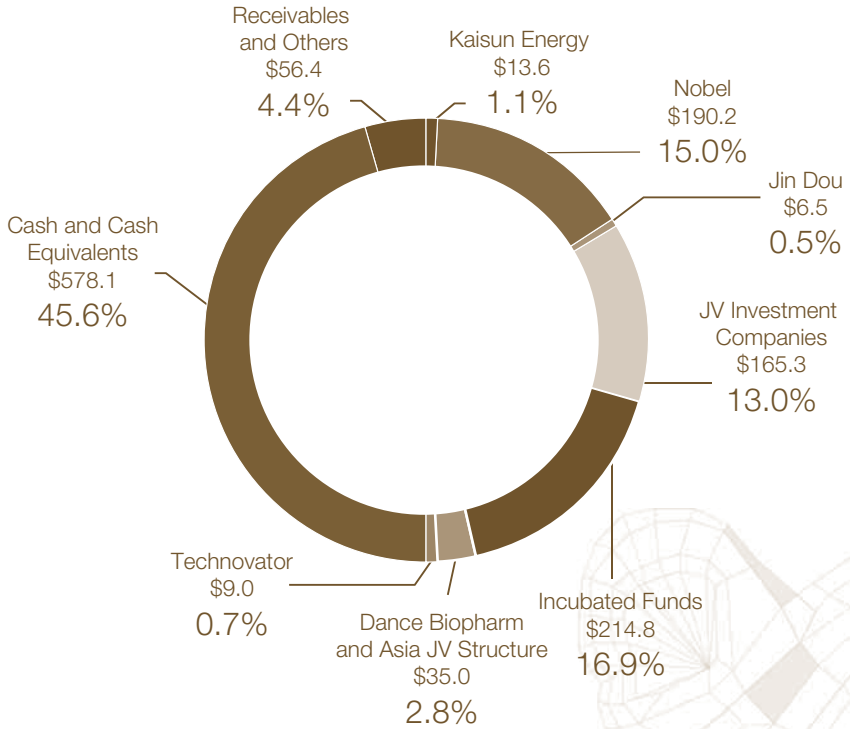
We remain opportunistic with quality assets, a strong cash position and low gearing to take advantage of new deals as they surface. Looking forward, we intend to deploy our proven direct investment strategy globally by actively cooperating with China on capacity reallocation and Silk Road development projects. OPFI will persevere as always and strive to create value for investors.

**Zhang Zhi Ping**  
*Chairman*

27 November 2014, Hong Kong

# Management Discussion and Analysis

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



## Management Discussion and Analysis (Continued)

### INVESTMENT REVIEW

The Group's portfolio experienced a challenging first half of the year on the back of volatile capital and commodity markets and economic sanctions against Russia, as our single largest investment position is located in Russia. Despite positive results from smaller investments in Tong Fang and Dance Biopharm, our core direct investment portfolio was impacted the most. On the other hand, our investment in CSOP continued to perform and improved our result.

#### **Nobel**

In 2008, OPFI invested alongside China Investment Corporation in Nobel Holdings Investments Ltd. ("Nobel"), an independent upstream oil producer in Russia. Nobel's principal assets include nine subsoil licenses covering seven oil fields and two exploration areas.

Our position in Nobel fell again from HK\$202.1 million to HK\$190.2 million over the last six months. In terms of fundamentals, Nobel is sensitive to changes in oil prices due to the thin operating margins, a common characteristic amongst industry participants. While sales can be alternated and optimised between export and domestic markets depending on price differentials, Russia's dynamic Mineral Extraction Tax system actively adjusts for volatility. An increased capital expenditure plan has also negatively impacted the valuation, offsetting most gains related to increased reserves.

With economic tensions increasing between Russia and the western countries, heavy sanctions against energy and banking sectors has impacted Nobel's valuation directly. Oil prices also dropped steeply over the summer from US\$120 per barrel in mid June to as low as US\$85 in late October this year. Given the weakening ruble and volatile MICEX (Moscow Interbank Currency Exchange), our position in Nobel held up relatively well, shedding less than 6%. Revenues weakened by 10.5% as the company shifted over 26% turnover from export to domestic markets.



## Management Discussion and Analysis (Continued)

While planning any transaction strategy is clearly difficult, we remain positive as the asset continues to generate steady income.

Nobel's total production for its year ended December 31, 2013 was 772,265 tons, falling short of the targeted 920,079 tons. However, management is targeting a recovery in 2014 to increase production by 26% back to its original schedule. 2014 Q1 figures indicate the company is on track.

Despite the largely negative news, management is still optimistic about opportunities for a trade sale to potential regional players looking to consolidate their portfolio. M&A valuations may take into account operational synergies which may imply stronger valuations compared to OPFI's fair value exercise which applies a more conservative assumption of the investee's organic growth.

### **Jin Dou**

In 2009, OPFI invested in a Kazakhstan agriculture project with the mandate to diversify the country's crops and commercialize regional production for export. OP Financial committed a total of US\$15 million, of which only US\$1.5 million was drawn.

Our position remained relatively unchanged during the period. OPFI continues to receive performance premiums to offset investment management related costs.

Jin Dou's management team has moved forward with its plans to incorporate livestock as part of its diversification plan, recently finalising commissioned studies on 88,000 hectares towards this goal. 58,000 hectares have been zoned for livestock alone with the remaining 30,000 for a crop cycle which includes soybean, wheat, barley, safflower and corn. Over the summer, Jin Dou completed preliminary transactions on harvested yield for the winter, but the program remains pre-commercial for the time being. With government subsidies, the team plans to deploy an additional US\$350,000 in government leasing subsidies.

Jin Dou also reported an increase in deal flow resulting from its long-standing relationship in Kazakhstan. Industry leaders are increasingly interested in tapping international sources of funding throughout Asia, including Hong Kong. Leveraging Oriental Patron Group's experience in capital markets OPFI may see potential co-investment opportunities with state-backed enterprises in the region.



## Management Discussion and Analysis (Continued)

### **Tong Fang**

OPFI's first investments in the green sector in 2013 did particularly well over the period. We hold 8% interest in Valueworth Ventures Limited, a special purpose vehicle ("Tong Fang SPC") which acquired 25% interest in Tong Fang Energy Saving Engineering Technology Co. Ltd. ("Tong Fang"), an energy management and solutions services company in the PRC. The underlying assets were sold during the period to Technovator International Limited (Stock Code: 1206), a Hong Kong listed company in return for its shares issued as consideration. Our total investment cost was HK\$21 million including HK\$19.1 million debt. The debt was fully repaid with interest income of HK\$1.4 million in the last financial year. Interest plus our share of distribution of capital gain by Tong Fang SPC equals a net gain of HK\$8.5 million or over 40% return to date. Our holding of shares in Technovator International Limited is now valued at HK\$9 million.

### **JV Investment Companies**

We have non-controlling positions with five (2013: four) asset management companies. The two major positions are OP Investment Management and CSOP.

#### *CSOP*

The overall performance of our CSOP position grew to HK\$161 million including a dividend receivable of HK\$33 million, which was received subsequently in early November 2014. Even after disposing its Greater China Absolute Fund in July 2014 for a one-off gain of HK\$23 million, CSOP's AUM grew from HK\$37.9 billion to over HK\$58 billion drawing an additional HK\$11.4 billion into its flagship China A50 FTSE ETF Fund. CSOP is also actively expanding its ETF distribution to Europe with new products in the pipeline. Given our cost of investment was only HK\$60 million, CSOP is performing tremendously well.

While performing admirably, CSOP faces potential competition from the Shanghai-Hong Kong Stock Connect project, which will allow eligible Mainland investors and international investors mutual access to Hong Kong and Shanghai stock markets through the respective exchanges. Since the RQFII scheme has long been considered the de facto proxy for foreign institutional access to China's stock market, the Stock Connect will provide a more direct alternative although this will be capped initially. Meanwhile, CSOP is scheduled to release new ETF products in the last quarter of 2014, including a technology focused ETF, which will track selective high tech and other internet-related stocks as well as a China focused bond ETF. A sub-fund, which is part of the CSOP Fixed Income ETF series, is also in the pipeline.

## Management Discussion and Analysis (Continued)

We believe CSOP's carrying value on our books stated at proportional share of its net assets does not reflect fully its fair value compared to other global asset managers of its caliber, and we plan to hold the position as the investee continues its international expansion.

### *OP Investment Management ("OPIM" or "OPIM Group")*

OP Investment Management, including OP Investment Management (Cayman) Limited and OP Investment Management Limited, the fund services provider and platform, saw a decline in AUM due to "graduating managers" leaving the platform and cyclical turnover in fund. Secondly, staff restructuring resulted in a temporary hiatus in marketing as new management sought to strengthen the infrastructure and corporate governance. Our position fell 37% from HK\$47.5 million to HK\$29.7 million during the period.

OPIM's AUM decreased from US\$314 million to US\$270 million during the period. Decline in income from fund departures were offset by lower staff costs post-restructuring. However, a US\$70 million pipeline of new funds will begin launching in the last quarter of 2014.

Current performance projects full year profitability to be relatively flat and management intends to focus on marketing to the burgeoning mainland family offices in 2015. In the meantime, OPIM intends to invest further in staff and risk management solutions to accommodate scalability and its new target demographic.

### **Incubated Funds**

The Group invests in a portfolio of unlisted investment funds as part of a larger incubation strategy to strengthen new funds developed through our partnerships. Fund strategies range from long-only equity funds, multi-strategy hedge, to distressed property. Including our investments managed by CSOP and OPIM, our total funds decreased from HK\$377.3 million to HK\$214.8 million during the period largely due to HK\$150 million in redemptions to rebalance the portfolio away from Russian markets as well as redeeming decent returns from CSOP's Shen Zhou RMB Fund. We recorded net realized losses on redemption of investment funds of HK\$15.9 million. However, the redemption improves OPFI's cash position to allow for future investments, while we maintain strategic positions in property and a multi-manager strategies which continue to grow.

## Management Discussion and Analysis (Continued)

Changes in our incubated fund's positions during the current period have been outlined below:

Fund Name	Fund Strategies	As of	As of	Net Change	Notes
		30 September 2014 (HK\$'000)	31 March 2014 (HK\$'000)		
Greater China Select Fund	Equity (Long Only), China	91,143	148,965	(57,822)	Loss of 6.59%. Redeemed HK\$48 million
Greater China Special Value Fund	Equity (Long), Private Equity, Emerging Markets	14,864	67,410	(52,546)	Loss of 6.93%. Redeemed HK\$47.9 million
Miran Multi-strategy Fund	Multi-strategy, Global	86,369	85,512	857	Gain of 1.00%
Phoenixinvest Pacific Fund	Equity (Long/Short), Asia Pacific	8,448	8,233	215	Gain of 2.61%. Full redemption set in October 2014. Gain of 8.8% since inception in November 2012
Real Estate Opportunity Capital Fund	Property	13,947	16,545	(2,598)	HK\$2.0 million distribution received. Currently in harvest phase
CSOP Shen Zhou RMB Fund	Bonds (RMB), China	-	50,610	(50,610)	Full redemption in September 2014 at RMB10.42 per unit, recorded an absolute return of 15.61%
<b>Total</b>		<b>214,771</b>	<b>377,275</b>	<b>(162,504)</b>	

# Management Discussion and Analysis (Continued)

## FINANCIAL REVIEW

### Financial position

*Net asset value:* The Group's net assets as at 30 September 2014 is HK\$1.33 per share or HK\$1.25 billion.

*Gearing:* The gearing ratio, which is calculated on the basis of total liabilities over total equity as at 30 September 2014, was 0.01 (31 March 2014: 0.02). We are currently maintaining a low leverage policy for our investments.

*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 slightly decreased by 2.9% to HK\$138.6million as at 30 September 2014 (31 March 2014: HK\$142.7 million), mainly due to the HK\$33 million dividend income receivable from CSOP decreasing its carrying value.

*Available-for-sale financial assets:* A 12.9% decrease from HK\$312.4 million to HK\$271.9 million during the period was mainly the net result of (1) decline in our position with Nobel of HK\$11.9 million; (2) decline in our position with OPIM of HK\$17.6 million; (3) the disposal of our interest in Tong Fang has completed and the value of HK\$7.6 million was realized in September in the form of in-specie distribution accordingly.

*Financial assets at fair value through profit or loss:* The HK\$154.8 million or 40.3% decrease from HK\$384.1 million to HK\$229.3 million during the period was primarily due to HK\$150 million in redemptions of incubated funds to rebalance the portfolio away from Russian markets and redeeming decent returns from CSOP's Shen Zhou RMB Fund. Apart from that, our investment in Tong Fang was acquired by Technovator International Limited, a Hong Kong listed company, adding HK\$9 million Technovator listed shares to our investment portfolio.

## Management Discussion and Analysis (Continued)

*Bank and cash balances:* As at 30 September 2014, bank and cash balances plus deposits increased from HK\$500.1 million to HK\$578.1 million primarily due to the redeeming returns from CSOP Shen Zhou RMB Fund and other two unlisted investment funds.

### RESULTS

Although the Group was operationally profitable, recording net profit of HK\$10.3 million during the period, OP Financial incurred a loss in total comprehensive income of HK\$28.9 million compared to a profit of HK\$26.3 million in the same period last year. We received cash proceeds of HK\$150 million redeemed from our position in incubated funds. CSOP delivered HK\$25 million in share of its results. New investments in Tong Fang and Dance Biopharm both recorded positive results. However, weaknesses in Nobel and equity investment funds managed under OPIM contributed to a change in net assets from HK\$1.33 billion to HK\$1.25 billion.

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

Revenue for the six months ended 30 September was as follows:

	<b>2014 (Unaudited) HK\$'000</b>	2013 (Unaudited) HK\$'000
Dividend income from unlisted investments <sup>(1)</sup>	<b>8,293</b>	1,062
Performance premium from co-investment partner <sup>(2)</sup>	<b>7,780</b>	7,777
Interest income <sup>(3)</sup>	<b>4,126</b>	2,214
	<b>20,199</b>	11,053

<sup>(1)</sup> Dividends received from CSOP Shen Zhou RMB Fund, Real Estate Opportunity Capital Fund and Tong Fang SPC during the period.

<sup>(2)</sup> CIC, co-investment partner awarded performance premiums of HK\$7.78 million to the Group in return for our resources devoted to the investment project.

<sup>(3)</sup> Interest income of approximately HK\$4.1 million is mainly generated from our time deposits in banks during the period.

## Management Discussion and Analysis (Continued)

*Net change in unrealized gain on financial assets at fair value through profit or loss:* The net change in unrealized gain of HK\$1.8 million mainly represents the net result of (1) the unrealized loss of HK\$13.4 million on incubated funds managed by OPIM; and (2) the transfer out of net unrealized loss of HK\$18.0 million on OPIM investment funds.

*Net realized losses on redemptions of investment funds:* This represents the net result of (1) realized loss of HK\$18.0 million on disposal of investment funds managed under OPIM; and (2) realized gain of HK\$2.1 million on redemption of CSOP Shen Zhou RMB Fund.

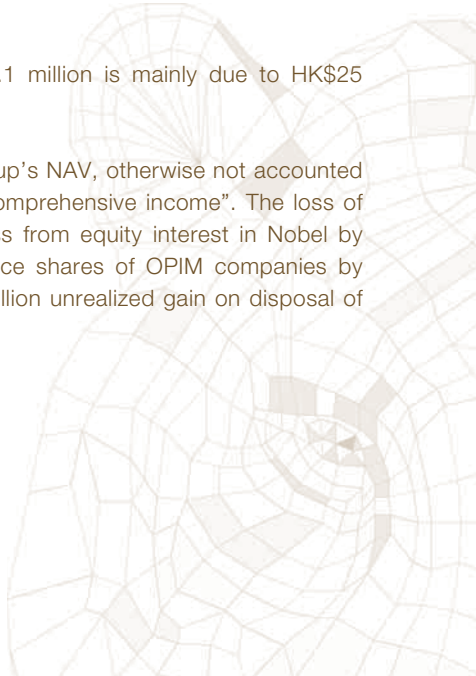
*Impairment loss on available-for-sale financial assets:* The HK\$3.0 million loss represents the further impairment on our holdings of Kaisun ordinary shares.

*Equity-settled share-based payments:* This represents the value of share options vested during the period. 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 total administrative expenses remain approximately the same level and no material changes is noted.

*Share of results of associates:* A gain of HK\$27.1 million is mainly due to HK\$25 million share of results of CSOP.

*Other comprehensive income:* Changes to the Group's NAV, otherwise not accounted for in "profit for the period", are found in "other comprehensive income". The loss of HK\$39.2 million is mainly net of: (i) unrealized loss from equity interest in Nobel by HK\$11.9 million; (ii) unrealized loss from preference shares of OPIM companies by HK\$17.6 million; and (iii) transfer out of HK\$7.6 million unrealized gain on disposal of indirect interest in Tong Gan Fung to Technovator.

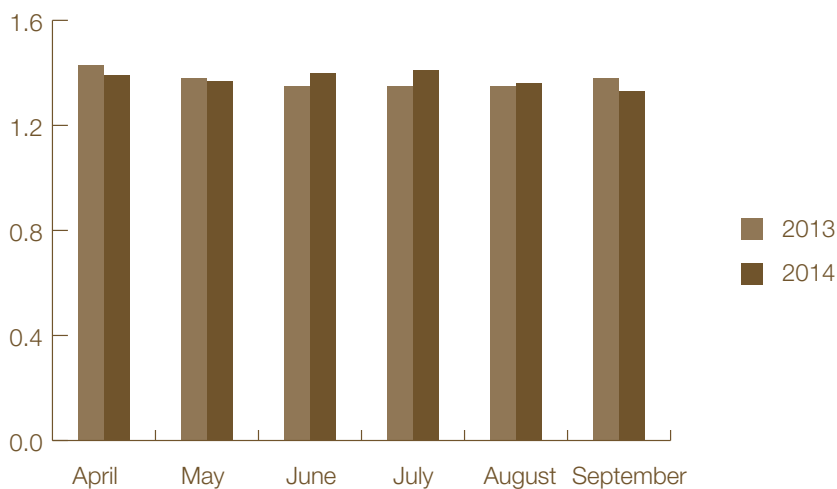


## Management Discussion and Analysis (Continued)

Fair value changes of available-for-sale financial assets recorded in Other Comprehensive Income:

	<b>2014</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2013 (Unaudited) HK\$'000
Nobel	<b>(11,918)</b>	(28,079)
Kaisun – Ordinary Shares	<b>(3,039)</b>	(2,642)
OPIM Group	<b>(17,565)</b>	26,625
Jin Dou	<b>(335)</b>	(87)
Dance Biopharm	<b>32</b>	(25)
Tong Fang SPC	<b>(7,607)</b>	–
<b>Fair value decrease</b>	<b>(40,432)</b>	(4,208)

### NAV Per Share in HK\$





## Management Discussion and Analysis (Continued)

### INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend in respect of the six months ended 30 September 2014 (2013: Nil).

### LIQUIDITY AND FINANCIAL RESOURCES

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

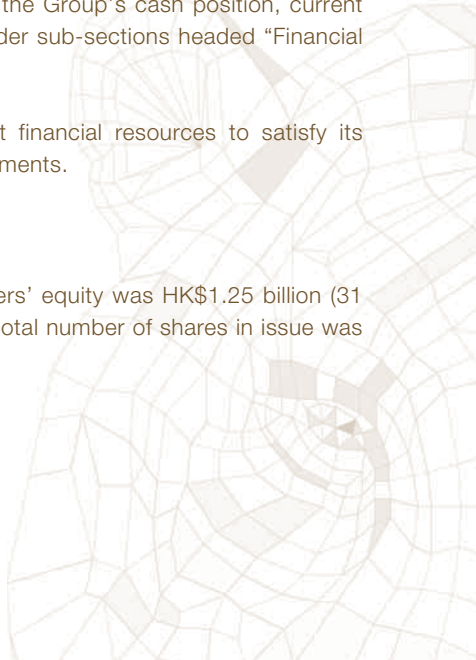
During the interim period, the Group continued to maintain a significant balance of cash and cash equivalents. As at 30 September 2014, the Group had cash and bank balances of HK\$578 million (31 March 2014: HK\$500 million).

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 48 times (31 March 2014: 33 times). For further analysis of the Group's cash position, current assets and gearing, please refer to paragraphs under sub-sections headed "Financial Position" above.

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

### CAPITAL STRUCTURE

As at 30 September 2014, the Group's shareholders' equity was HK\$1.25 billion (31 March 2014: HK\$1.33 billion) and the Company's total number of shares in issue was 941,396,000 (31 March 2014: 941,400,000).



## Management Discussion and Analysis (Continued)

### MATERIAL ACQUISITIONS AND DISPOSALS OF INVESTMENTS

Details of the following events can be found in the Investment Review section.

- Redemption of HK\$48 million from Greater China Select Fund
- Redemption of HK\$47.9 million from Greater China Special Value Fund
- Redemption of HK\$52.5 million from CSOP Shen Zhou RMB Fund

### SEGMENT INFORMATION

Segment information of the Group is set out in note 8 of the condensed consolidated interim financial information.

### EMPLOYEES

As at 30 September 2014, the Group had 25 (2013: 21) employees, including directors. Total staff costs for the six months ended 30 September 2014 amounted to HK\$7.69 million (2013: HK\$8.08 million). The Group's remuneration policies are in line with the market practice and are determined on the basis of performance and experience of individual employee.

### SHARE OPTION SCHEME

The detailed disclosures relating to the Company's share option scheme and valuation of options are set out in note 19 to the condensed consolidated interim financial information.

## Management Discussion and Analysis (Continued)

### CHARGES ON GROUP'S ASSETS

As at 30 September 2014, there were no charges on the Group's assets.

### EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

At 30 September 2014, the Group had exposure to foreign exchange fluctuation through bank balances. These assets were denominated in RMB and the maximum exposure to foreign currency risk was RMB45,329,000, equivalent to HK\$57,002,000 (at 31 March 2014: RMB45,097,000, equivalent to HK\$56,383,000).

At 30 September 2014, the Group held certain financial assets which were denominated in USD. The Board is of the opinion that the Group's exposure to USD foreign currency risk is minimal as HKD was pegged to USD by the Hong Kong's Linked Exchange Rate System.

### CONTINGENT LIABILITIES

As at 30 September 2014, the Group did not have any significant contingent liabilities.

### PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the period, pursuant to the Repurchase Mandate of the Company obtained from the Company's shareholders at the annual general meeting of the Company held on 21 August 2013, the Company repurchased an aggregate of 4,000 ordinary shares on the Stock Exchange for an aggregate consideration of approximately HK\$3,640 and all these shares were cancelled by the Company accordingly.

Except as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the period.

## Management Discussion and Analysis (Continued)

### CORPORATE GOVERNANCE CODE

Except otherwise stated herein, none of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not, at any time during the period, in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

Code provision E.1.2 provided that, the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting. During the period, due to other business commitment on urgent basis, Mr. Wang Xiaojun, being an independent non-executive Director and the chairman of the remuneration committee, was not available to attend the annual general meeting of the Company held on 14 August 2014. However, all of the executive Directors, namely Mr. Zhang Zhi Ping, Mr. Zhang Gaobo and the other two independent non-executive Directors, namely Mr. Kwong Che Keung, Gordon and Prof. He Jia did attend the meeting.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

## Management Discussion and Analysis (Continued)

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2014, 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:

Name of director	Capacity in which interests are held	Number of ordinary shares/underlying shares held in the Company			Total interests	Total interests as to % to the issued share capital of the Company as at 30 September 2014 (note 1)
		Corporate interests in shares	Interests under equity derivatives			
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%	

## Management Discussion and Analysis (Continued)

Notes:

- (1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 941,396,000 shares as at 30 September 2014.
- (2) This represented 330,000,000 shares held by Ottness Investments Limited ("OIL"), 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 30 September 2014, 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 30 September 2014, the Company had been notified of the following substantial shareholders' interests or short positions, being 5% or more of the Company's shares and underlying shares. These interests include those disclosed above in respect of the Directors and chief executive.

## Management Discussion and Analysis (Continued)

### Long positions in shares and underlying shares of the Company:

Name of shareholder	Capacity in which interests are held	Number of ordinary shares/underlying shares held in the Company			Total interests as to % to the issued share capital of the Company as at 30 September 2014 (note 1)
		Corporate interests in shares	Interests under equity derivatives	Total Interests	
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 941,396,000 shares as at 30 September 2014.
- (2) This represented an aggregate of 330,000,000 shares held by OIL and 29,800,000 shares held by OPFSGSL.



## Management Discussion and Analysis (Continued)

- (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.
- (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 30 September 2014, 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 period 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.

## AUDIT COMMITTEE

The Company's audit committee, comprising three independent non-executive Directors, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including a review of the condensed consolidated financial statements for the period before recommending them to the Board for approval.

## Management Discussion and Analysis (Continued)

### REVIEW OF ACCOUNTS

The external auditor has reviewed the interim financial information for the period in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

### APPRECIATION

On behalf of the Board, I would like to thank all our shareholders for their continued trust and support and the investment manager for their dedicated efforts.

By order of the Board

**OP Financial Investments Limited**

**ZHANG Gaobo**

*Executive Director and CEO*

Hong Kong, 27 November 2014



# Independent Review Report

## **REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

### **TO THE BOARD OF DIRECTORS OF OP FINANCIAL INVESTMENTS LIMITED**

*(Incorporated in Cayman Islands with limited liability)*

### **Introduction**

We have reviewed the interim financial information set out on pages 26 to 70, which comprises the interim condensed consolidated statement of financial position of OP Financial Investments Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 September 2014 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

# Independent Review Report (Continued)

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 27 November 2014



# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2014

		<b>Six months ended 30 September</b>	
		<b>2014 (Unaudited) HK\$'000</b>	2013 (Unaudited) HK\$'000
	Note		
Revenue	6	<b>20,199</b>	11,053
Other income	7	<b>660</b>	899
Net change in unrealized gain/(loss) on financial assets at fair value through profit or loss	16		
– Classified as held for trading		<b>2,538</b>	11,871
– Designated as such upon initial recognition		<b>(720)</b>	11,510
		<b>1,818</b>	23,381
Net realized losses on redemptions of investment funds		<b>(15,892)</b>	–
Realized gain on partial disposal of a subsidiary		–	21
Realized loss on deemed disposal of an associate		–	(1,426)
Impairment loss on available-for-sale financial assets		<b>(3,038)</b>	(2,510)
Equity-settled share-based payments	19	<b>(571)</b>	(670)
Administrative expenses		<b>(19,993)</b>	(20,220)
<b>(Loss)/profit from operations</b>		<b>(16,817)</b>	10,528
Share of results of associates		<b>27,080</b>	16,013
<b>Profit before tax</b>		<b>10,263</b>	26,541
Taxation	9	–	(70)
<b>Profit for the period</b>	10	<b>10,263</b>	26,471

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the six months ended 30 September 2014

		<b>Six months ended 30 September</b>	
		<b>2014 (Unaudited) HK\$'000</b>	2013 (Unaudited) HK\$'000
Note			
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
	Exchange differences	–	705
	Available-for-sale financial assets:		
	Fair value changes during the period	15 (40,432)	(4,208)
	Impairment loss	3,038	2,510
	Share of other comprehensive income of associates:		
	Fair value changes of available-for-sale financial assets	(1,823)	925
	Exchange differences	36	(83)
<b>Net other comprehensive income for the period</b>		<b>(39,181)</b>	<b>(151)</b>
<b>Total comprehensive income for the period</b>		<b>(28,918)</b>	<b>26,320</b>
<b>Earnings per share</b>			
	<b>Basic</b>	12(a) <b>1.09 cents</b>	2.81 cents
	<b>Diluted</b>	12(b) <b>1.09 cents</b>	2.81 cents

The notes on pages 33 to 70 form an integral part of this condensed consolidated interim financial information.

# Condensed Consolidated Statement of Financial Position

At 30 September 2014

	Note	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	13	14	21
Investments in associates	14	138,555	142,710
Available-for-sale financial assets	15	271,944	312,376
Financial assets at fair value through profit or loss	16	13,947	16,545
Loans receivables	17	4,500	–
		<b>428,960</b>	<b>471,652</b>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	16	215,369	367,548
Accounts and loans receivable	17	11,665	10,264
Interest receivable		1,459	731
Prepayments and other receivables		33,337	2,895
Bank and cash balances		578,104	500,132
		<b>839,934</b>	<b>881,570</b>
<b>TOTAL ASSETS</b>		<b>1,268,894</b>	<b>1,353,222</b>
<b>Capital and reserves</b>			
Share capital	18	94,140	94,140
Reserves		1,157,076	1,185,409
Proposed dividend	11	–	47,070
<b>TOTAL EQUITY</b>		<b>1,251,216</b>	<b>1,326,619</b>



## Condensed Consolidated Statement of Financial Position (Continued)

At 30 September 2014

	Note	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
<b>Current liabilities</b>			
Other payables		3,000	11,925
Tax payable		14,678	14,678
<b>TOTAL LIABILITIES</b>		<b>17,678</b>	26,603
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,268,894</b>	1,353,222
<b>NET ASSETS</b>		<b>1,251,216</b>	1,326,619
<b>Net asset value per share</b>	20	<b>HK\$1.33</b>	HK\$1.41

The notes on pages 33 to 70 form an integral part of this condensed consolidated interim financial information.



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2014

(Unaudited)

	Note	Reserves						Proposed dividend	Total
		Share capital	Share premium	Share-based payment reserve	Share-based investment revaluation reserve	Exchange reserve	Retained profits		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>At 1 April 2013</b>		94,140	965,683	19,742	8,555	1,130	184,411	-	1,273,661
Vesting of share options	19	-	-	670	-	-	-	-	670
Total comprehensive income for the period		-	-	-	(773)	622	26,471	-	26,320
<b>At 30 September 2013</b>		94,140	965,683	20,412	7,782	1,752	210,882	-	1,300,651
<b>At 1 April 2014</b>		94,140	965,683	19,040	16,161	(36)	184,561	47,070	1,326,619
Vesting of share options	19	-	-	571	-	-	-	-	571
Share options forfeited	19	-	-	(1,448)	-	-	1,448	-	-
Share of reserve movement of associate		-	-	17	-	-	-	-	17
Share repurchase		-	(3)	-	-	-	-	-	(3)
Total comprehensive income for the period		-	-	-	(39,217)	36	10,263	-	(28,918)
Dividend paid	11	-	-	-	-	-	-	(47,070)	(47,070)
<b>At 30 September 2014</b>		94,140	965,680	18,180	(23,056)	-	196,272	-	1,251,216

The notes on pages 33 to 70 form an integral part of this condensed consolidated interim financial information.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2014

	<b>Six months ended 30 September</b>	
	<b>2014 (Unaudited) HK\$'000</b>	2013 (Unaudited) HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from/(used in) operations	121,961	(18,924)
Dividend received	932	657
Interest received	3,399	2,126
Net cash generated from/(used in) operating activities	126,292	(16,141)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquire equity interest of an associate	(1,264)	-
Loan to an investee	-	(1,912)
Investment funds subscriptions	-	(141,383)
Investment in preferred stock	-	(15,527)
Investment in senior note	-	(19,115)
Net cash used in investing activities	(1,264)	(177,937)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share repurchase	(4)	-
Dividend paid	(47,070)	-
Net cash used in financing activities	(47,074)	-

## Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 September 2014

	<b>Six months ended 30 September</b>	
	<b>2014 (Unaudited) HK\$'000</b>	2013 (Unaudited) HK\$'000
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>77,954</b>	(194,078)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>500,132</b>	520,953
<b>EXCHANGE GAIN ON CASH AND CASH EQUIVALENTS</b>	<b>18</b>	721
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>578,104</b>	327,596
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances	<b>578,104</b>	327,596

The notes on pages 33 to 70 form an integral part of this condensed consolidated interim financial information.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2014

## 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 is an investment holding company. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The condensed consolidated interim financial information is presented in HK dollars, unless otherwise stated.

## 2 Basis of preparation of the condensed consolidated interim financial information

The unaudited condensed consolidated interim financial information for the six months ended 30 September 2014 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 March 2014, except as stated in note 3 below.

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2014, as described in those annual financial statements, except:

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following standards or interpretations are effective for the first time for this interim period and adopted by the Company and its subsidiaries (together, “the Group”).

- Amendments to HKFRS 10 “Consolidated Financial Statements” is effective for annual periods beginning on or after 1 January 2014. The amendments to HKFRS 10 define an investment entity and introduce an exception from the consolidation requirements for investment entities. The adoption of these amendments on its financial positions and performance did not have a material impact on the Group.
- Amendments to HKAS 32 “Offsetting Financial Assets and Financial Liabilities” is effective for annual periods beginning on or after 1 January 2014. These amendments clarify the offsetting criteria in HKAS 32 and address inconsistencies in their application. This includes clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. The amendments did not have a material impact on the Group’s financial position or performance.
- Other amendments to HKFRS effective for the annual periods beginning on or after 1 April 2014 do not have a material impact to the Group.

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 3 Accounting policies (continued)

The following standards and amendments to standards have been issued but are not effective for the financial period beginning 1 April 2014 and have not been early adopted:

- i) HKFRS 9, "Financial instruments", effective from accounting period on or after 1 January 2018. HKFRS 9 replaces the whole of HKAS 39, "Financial Instruments: Recognition and Measurement". HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the equity instruments or debt instruments and their contractual cash flow characteristics. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss.

HKFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses ("ECL") model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. HKFRS 9 also provide new guidance on hedge accounting and the new guidance better aligns hedge accounting with the risk management activities of an entity and provides relief from the more "rule-based" approach of HKAS 39.



# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 3 Accounting policies (continued)

- ii) HKFRS 15 “Revenue from contracts with customers” deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 “Revenue” and HKAS 11 “Construction contracts” and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of HKFRS 15.

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

## 4 Critical accounting estimates and judgement

The preparation of the condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2014, with the exception of significant judgment applied in the determination of the Company’s status as an investment entity under Amendments to HKFRS 10, “Consolidated Financial Statements”. Management have assessed the definition of an investment entity under HKFRS 10, “Consolidated Financial Statements” and given that the performance of the investments in associates are not measured on a fair value basis, management have concluded that the Company does not fall within the definition of an investment entity under HKFRS 10.

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 4 Critical accounting estimates and judgement (continued)

Changes in the facts and circumstances may result in the Company be determined as an investment entity, and all the investments held (directly and indirectly) by the Company shall be measured at fair value. This could affect the profit or loss in the preceding years and also futures years.

## 5 Financial instruments

### 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 condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 March 2014.

There has been no change in the risk management policies since year ended 31 March 2014.

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

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

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.

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## **5 Financial instruments (continued)**

### **Financial risk management (continued)**

The fair values of derivative instruments included in other financial liabilities are determined in accordance with generally accepted valuation pricing models.

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 5 Financial instruments (continued)

### Disclosures of level in fair value hierarchy at 30 September 2014 (unaudited)

*Fair value measurement using:*

Description	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Financial assets at fair value through profit or loss</b>				
Listed securities	14,545	–	–	14,545
Unlisted investment funds	–	200,824	13,947	214,771
<b>Available-for-sale financial assets</b>				
Listed securities	13,607	–	–	13,607
Unlisted equity investments	–	–	258,337	258,337
<b>Total</b>	<b>28,152</b>	<b>200,824</b>	<b>272,284</b>	<b>501,260</b>

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

### 5 Financial instruments (continued)

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

Description	Period ended 30 September 2014 (unaudited)		
	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Total
	Unlisted investment funds	Unlisted equity investments	
	HK\$'000	HK\$'000	HK\$'000
At the beginning of the period	16,545	295,730	312,275
Total gains or losses recognized			
- in profit or loss <sup>(#)</sup>	(720)	-	(720)
- in other comprehensive income	-	(37,393)	(37,393)
Distributions	(1,878)	-	(1,878)
At the end of the period	13,947	258,337	272,284
<sup>(#)</sup> Total gains or losses included in profit or loss that is attributable to the change in unrealized gains or losses relating to those assets and liabilities held at the end of the report period	(720)	-	(720)

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 5 Financial instruments (continued)

### Disclosures of level in fair value hierarchy at 31 March 2014 (audited)

*Fair value measurement using:*

Description	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss				
Listed securities	6,818	–	–	6,818
Unlisted investment funds	–	360,730	16,545	377,275
Available-for-sale financial assets				
Listed securities	16,646	–	–	16,646
Unlisted equity investments	–	–	295,730	295,730
<b>Total</b>	<b>23,464</b>	<b>360,730</b>	<b>312,275</b>	<b>696,469</b>



# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 5 Financial instruments (continued)

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

Description	Year ended 31 March 2014 (audited)				
	Financial assets at fair value through profit or loss			Available-for-sale financial assets	
	Unlisted equity investments	Unlisted investment funds	Debt investments, with interest receivable	Unlisted equity investments	Total
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At the beginning of the year	116,972	-	10,861	274,554	402,387
Total gains or losses recognized					
- in profit or loss <sup>(#)</sup>	21,880	4,904	(10,561)	-	16,223
- in other comprehensive income	-	-	-	4,096	4,096
Provision	-	-	(300)	-	(300)
Purchases/Additions	-	14,002	-	17,080	31,082
Disposal/Distributions	(138,852)	(2,361)	-	-	(141,213)
At the end of the year	-	16,545	-	295,730	312,275

<sup>(#)</sup> Total gains or losses included in profit or loss that is attributable to the change in unrealized gains or losses relating to those assets and liabilities held at the end of the report period

-	4,124	(10,561)	-	(6,437)
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<sup>#</sup> For financial assets at fair value through profit or loss, the total gains or losses recognized, including those for assets held at the end of reporting period, are presented in profit or loss in "net change in unrealized gain/loss on financial assets at fair value through profit or loss". For available-for-sale-financial assets, these amounts are presented in other comprehensive income in "available-for-sale financial assets: fair value changes during the period/Year".

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 5 Financial instruments (continued)

The condensed interim financial information include holdings in unlisted financial instruments which are measured at fair value (note 15 and note 16). Fair values are estimated using generally accepted pricing models, which included some assumptions that are not supportable by observable market rates. In determining the fair value, certain unobservable inputs and a risk adjusted discount factor were used.

(Unaudited)

Description	Fair value at 30 September 2014 HK\$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
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### Available-for-sale financial assets

OPIM and OPIMC (non-voting preference shares)	28,904	Discounted cash flow	Discount rate	17.98%	The higher the discount rate, the lower the fair value
			Growth rate/ long-term growth rate	4.73%/ 3%	The higher the growth rate, the higher the fair value





# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 5 Financial instruments (continued)

(Unaudited)

Description	Fair value at 30 September 2014 HK\$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
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### *Available-for-sale financial assets*

(continued)

Thrive World Limited (equity interest)	190,171	Discounted cash flow	Discount rate  Forecasted oil price	14.58%  US\$103 to US\$95 per barrel for 2015 to 2018	The higher the discount rate, the lower the fair value  The higher the oil price, the higher the fair value
Jin Dou Development, L.P. (partnership interest)	6,481	Share of net assets	N/A	N/A	N/A
Dance Biopharm Inc. (equity interest)	32,781	Recent transaction price	N/A	N/A	N/A

### *Financial assets at fair value through profit or loss*

Real Estate Opportunity Capital Fund (partnership interest)	13,947	Share of net assets	N/A	N/A	N/A
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# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 5 Financial instruments (continued)

(Audited)

Description	Fair value at 31 March 2014 HK\$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
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### Available-for-sale financial assets

OPIM and OPIMC (non-voting preference shares)	46,469	Discounted cash flow	Discount rate	18.20%	The higher the discount rate, the lower the fair value
			Growth rate/long-term growth rate	7.25%/3%	The higher the growth rate, the higher the fair value
Thrive World Limited (equity interest)	202,089	Discounted cash flow	Discount rate	14.23%	The higher the discount rate, the lower the fair value
			Forecasted oil price	US\$100.5 to US\$105 per barrel for 2014 to 2017	The higher the oil price, the higher the fair value
Jin Dou Development, L.P. (partnership interest)	6,816	Share of net assets	N/A	N/A	N/A
Dance Biopharm Inc. (equity interest)	32,749	Recent transaction price	N/A	N/A	N/A
Valueworth Ventures Limited (equity interest)	7,607	Recent transaction price	N/A	N/A	N/A

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

### 5 Financial instruments (continued)

(Audited)

Description	Fair value at 31 March 2014 HK\$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
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#### *Financial assets at fair value through profit or loss*

Real Estate Opportunity Capital Fund (partnership interest)	16,545	Share of net assets	N/A	N/A	N/A
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The change in valuation disclosed in the above table shows the direction an increase or decrease in the respective input variables would have on the valuation result.

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

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

### 6 Revenue

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

	<b>Six months ended 30 September</b>	
	<b>2014 (Unaudited) HK\$'000</b>	2013 (Unaudited) HK\$'000
Dividend income from unlisted investments	8,293	1,062
Performance premium from co-investment partner	7,780	7,777
Interest income	4,126	2,214
	<b>20,199</b>	<b>11,053</b>

### 7 Other income

	<b>Six months ended 30 September</b>	
	<b>2014 (Unaudited) HK\$'000</b>	2013 (Unaudited) HK\$'000
Exchange gains	69	769
Sundry income	591	130
	<b>660</b>	<b>899</b>

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

### 8 Segment information

The chief operating decision maker has been identified as the board of directors (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

	<b>Six months ended 30 September</b>	
	<b>2014 (Unaudited) HK\$’000</b>	2013 (Unaudited) HK\$’000
<b>Revenue</b>		
Hong Kong	<b>12,345</b>	2,531
Mainland China	<b>7,854</b>	8,522
	<b>20,199</b>	11,053

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

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 8 Segment information (continued)

### Geographical information (continued)

	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
<b>Non-current assets other than financial instruments</b>		
Hong Kong	138,569	142,731

### Information about major investments and co-investment partners

During the period ended 30 September 2014, performance premiums derived from one of the Group's unlisted investments and dividend received from one of the investments, which accounted for 10% (2013: 10%) or more of the Group's total revenue amounted to approximately HK\$7,780,000 and HK\$7,674,000 respectively.

During the period ended 30 September 2013, performance premiums derived from one of the Group's co-investment partners, which accounted for 10% or more of the Group's revenue amounted to approximately HK\$7,777,000.



## Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

### 9 Taxation

Hong Kong Profits Tax has been provided at a rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the period.

	<b>Six months ended 30 September</b>	
	<b>2014 (Unaudited) HK\$'000</b>	2013 (Unaudited) HK\$'000
Under-provision of Hong Kong Profits Tax for previous years	–	70

As at 30 September 2014, the Company has unused tax losses of approximately HK\$32,252,000 (31 March 2014: HK\$31,858,000) available to offset against future profits.

No deferred tax asset has been recognized in the condensed consolidated interim financial information due to the unpredictability of future profit streams.

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

### 10 Profit for the period

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

	<b>Six months ended 30 September</b>	
	<b>2014 (Unaudited) HK\$'000</b>	2013 (Unaudited) HK\$'000
Depreciation	7	8
Investment management fee	9,905	9,830
Operating lease payments in respect of office premises	1,447	1,132
Staff costs (including directors' emoluments)		
Salaries and other benefits	7,007	7,309
Retirement benefits scheme contributions	110	99
Equity-settled share based compensation	571	670
	<b>7,688</b>	<b>8,078</b>

### 11 Dividend

The Board has resolved not to pay any interim dividend in respect of the six months ended 30 September 2014 (2013: Nil).

The Board has recommended a final dividend of HK\$5 cents per ordinary share for the year ended 31 March 2014 and it was approved at the annual general meeting held on 14 August 2014. The total final dividend of HK\$47,069,800 was paid on 28 August 2014.



# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 12 Earnings per share

### (a) Basic earnings per share

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

	<b>Six months ended 30 September</b>	
	<b>2014 (Unaudited)</b>	2013 (Unaudited)
Profit for the period (HK\$'000)	<b>10,263</b>	26,471
Weighted average number of ordinary shares in issue (in thousand)	<b>941,399</b>	941,400
Basic earnings per share	<b>1.09 cents</b>	2.81 cents

### (b) Diluted earnings per share

Diluted earnings per share for both the six months ended 30 September 2014 and 30 September 2013 were the same as the basic earnings per share as the Company's outstanding share options had no dilutive effect for both periods.

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 13 Property, plant and equipment

	<b>Computer equipment</b> HK\$'000	<b>Office equipment</b> HK\$'000	<b>Furniture</b> HK\$'000	<b>Total</b> HK\$'000
<b>Cost</b>				
At 1 April 2013	67	11	72	150
<b>Accumulated depreciation</b>				
At 1 April 2013	50	8	70	128
Charge for the period	6	1	1	8
At 30 September 2013	56	9	71	136
<b>Carrying amount</b>				
<b>At 30 September 2013</b>	<b>11</b>	<b>2</b>	<b>1</b>	<b>14</b>
<b>Cost</b>				
At 1 April 2014	82	11	72	165
<b>Accumulated depreciation</b>				
At 1 April 2014	62	10	72	144
Charge for the period	6	1	–	7
At 30 September 2014	68	11	72	151
<b>Carrying amount</b>				
<b>At 30 September 2014</b>	<b>14</b>	<b>–</b>	<b>–</b>	<b>14</b>

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

### 14 Investments in associates

	<b>30 September 2014 (Unaudited) HK\$'000</b>	31 March 2014 (Audited) HK\$'000
Unlisted shares		
Share of net assets	<b>138,555</b>	142,710

Details of the Group's associates at 30 September 2014 and 31 March 2014 are as follows:

<b>Name of associate</b>	<b>Percentage of ownership interest</b>	<b>Carrying amount at</b>	
		<b>30 September 2014 (Unaudited) HK\$'000</b>	31 March 2014 (Audited) HK\$'000
CSOP Asset Management Limited	24% (31.3.2014: 23.68%)	<b>128,325</b>	136,778
Guotai Junan Fund Management Limited	29.9% (31.3.2014: 29.9%)	<b>5,842</b>	4,877
OP Investment Management Limited	30% (31.3.2014: 30%)	<b>800</b>	1,050
OP Investment Management (Cayman) Limited	30% (31.3.2014: 30%)	<b>5</b>	5

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 14 Investments in associates (continued)

Name of associate	Percentage of ownership interest	Carrying amount at	
		30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Harmony Plus Holdings Limited	20% (31.3.2014: Nil)	2,184	–
Miran Capital Management Limited	29% (31.3.2014: Nil)	1,399	–
Prodirect Investments Limited	30% (31.3.2014: 30%)	–	–
South South Green Energy Limited	30% (31.3.2014: Nil)	–	–
		<b>138,555</b>	<b>142,710</b>

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

### 15 Available-for-sale financial assets

	<b>30 September 2014 (Unaudited) HK\$'000</b>	31 March 2014 (Audited) HK\$'000
Listed equity securities, at fair value	<b>13,607</b>	16,646
Unlisted equity securities, at fair value	<b>258,337</b>	295,730
	<b>271,944</b>	312,376

During the six months ended 30 September 2014, net change in unrealized loss of approximately HK\$40,432,000 (2013: loss of approximately HK\$4,208,000) arising from changes in fair value of available-for-sale financial assets was recognized directly in the investment revaluation reserve.

Details of the Group's available-for-sale financial assets at 30 September 2014 and 31 March 2014 are as follows:

<b>Name of investee</b>	<b>Proportion of investees' capital owned</b>	<b>Fair value at</b>	
		<b>30 September 2014 (Unaudited) HK\$'000</b>	31 March 2014 (Audited) HK\$'000
<b><i>Listed equity securities</i></b>			
Kaisun Energy Group Limited ("Kaisun Energy")	5.0% (31.3.2014: 5.0%)	<b>13,607</b>	16,646

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 15 Available-for-sale financial assets (continued)

Name of investee	Proportion of investees' capital owned	Fair value at	
		30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
<b>Unlisted equity securities</b>			
Thrive World Limited ("TWL")	10% of ordinary shares (31.3.2014: 10%)	190,171	202,089
OPIM/OPIMC	100% of non-voting preference shares (31.3.2014: 100%)	28,904	46,469
Jin Dou Development Fund, L.P. ("Jin Dou")	1.48% of total contribution (31.3.2014: 1.48%)	6,481	6,816
Dance Biopharm Inc. ("Dance") (Note a)	5.99% of voting preference shares (31.3.2014: 5.99%)	32,781	32,749
Valuworth Ventures Limited ("Valuworth") (Note b)	8% of ordinary shares (31.3.2014: 8%)	–	7,607
		<b>271,944</b>	<b>312,376</b>

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

### 15 Available-for-sale financial assets (continued)

- (a) In May and December 2013, the Company through a subsidiary, River King Investments Limited, a company incorporated in the British Virgin Islands, subscribed for 1,149,000 and 57,142 preference shares issued by Dance at a consideration of HK\$15,527,000 and HK\$1,553,000 respectively. Dance is a pharmaceutical company incorporated in Delaware, the United States of America. The Board considers that the purchase price in December 2013 still represents the best estimated fair value of the preference shares of Dance as at 30 September 2014.
- (b) In January 2013, the Group established a wholly-owned subsidiary, Valuworth, a company incorporated in the British Virgin Islands. On 11 April 2013, Valuworth increased its share capital structure by allotting additional 99 ordinary shares at par value of US\$1 per share to the Group and 2 new investors. The Group's effective equity interest in Valuworth was reduced from 100% to 8%.

On 30 April 2014, Technovator International Limited ("Technovator") (HK listed stock code: 1206) offered to Valuworth to purchase 100% equity interest of its wholly-owned subsidiary, Excel Perfect Investments Limited ("Excel Perfect"). The consideration was RMB95 million in form of Technovator listed shares. The acquisition was completed on 14 August 2014 and Valuworth received total 29,902,047 Technovator listed shares.

On 2 September 2014, Valuworth transferred 5,921,875 Technovator listed shares to its shareholders to settled its shareholders' loans, while the remaining 23,980,172 Technovator listed shares were distributed to its shareholders as dividend. Overall, the Group received 2,392,164 Technovator listed shares and they were classified as "financial assets at fair value through profit or loss".

For the description of the business and financial information of the investments, please refer to note 17 of the Company's 2013/14 annual report.

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

### 16 Financial assets at fair value through profit or loss

	<b>30 September 2014 (Unaudited) HK\$'000</b>	31 March 2014 (Audited) HK\$'000
Equity securities listed in Hong Kong	<b>14,545</b>	6,818
Unlisted investment funds	<b>214,771</b>	377,275
	<b>229,316</b>	384,093
Analysed as:		
Current assets	<b>215,369</b>	637,548
Non-current assets	<b>13,947</b>	16,545
	<b>229,316</b>	384,093

During the period, net change in unrealized gain of approximately HK\$1,818,000 (2013: net unrealized loss of approximately HK\$23,381,000) arising from changes in fair value of financial assets at fair value through profit or loss was recognized in the condensed consolidated statement of profit or loss and other comprehensive income.



## Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

### 16 Financial assets at fair value through profit or loss (continued)

Details of the Group's financial assets at fair value through profit or loss at 30 September 2014 and 31 March 2014 are as follows:

Name of investee	Carrying amount at	
	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
<b>Equity securities listed on the Stock Exchange</b>		
Changhong Jiahua Holdings Limited	5,503	6,818
Technovator International Limited	9,042	–
<b>Unlisted investment funds</b>		
Greater China Select Fund (Note a)	91,143	148,965
Greater China Special Value Fund (Note b)	14,864	67,410
CSOP Shen Zhou RMB Fund (Note c)	–	50,610
Phoenixinvest Pacific Fund	8,448	8,233
Miran Multi-Strategy Fund	86,369	85,512
Real Estate Opportunity Capital Fund	13,947	16,545
<b>Unlisted debt securities</b>		
Convertible bond issued by Glory Wing International Limited	–	–
	<b>229,316</b>	<b>384,093</b>

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

### 16 Financial assets at fair value through profit or loss (continued)

- (a) HK\$48 million was redeemed from this fund on 10 April 2014 and a realized gain of HK\$5.95 million was recognized in the current profit or loss.
- (b) HK\$47.9 million was redeemed from this fund on 30 June 2014 and a realized loss of HK\$24 million was recognized in the current profit or loss.
- (c) The fund was fully redeemed on 12 September 2014 at RMB10.42 per unit. A realized gain of RMB1.68 million or approximately HK\$2.12 million was recognized in the current profit or loss.

For the description of the business and financial information of the rest of the investments, please refer to note 18 of the Company's 2013/14 annual report.

### 17 Accounts and loans receivable

	Note	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Accounts receivable		11,659	3,868
Amount due from an associate	(a)	6	–
Loan to an associate	(b)	1,500	1,500
Loan to an investee	(c)	–	1,896
Other loan	(d)	3,000	3,000
		<b>16,165</b>	<b>10,264</b>
Analysed as:			
Non-current assets		4,500	–
Current assets		11,665	10,264
		<b>16,165</b>	<b>10,264</b>

## Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

### 17 Accounts and loans receivable (continued)

- (a) Amount due from an associate is interest-free, unsecured and repayable on demand.
- (b) On 1 July 2012, a shareholders' loan supplementary agreement was signed by all shareholders of the associate. Pursuant to this agreement, the loan to associate was unsecured, interest-free and not repayable until 30 June 2014. A new shareholders' loan supplementary agreement was signed on 1 July 2014 to further extend the repayment date to 31 December 2015 while keeping other terms the same.
- (c) Loan to an investee was interest-free and unsecured. It was fully settled during the period.
- (d) Other loan represents loan to the major shareholder of one of the Group's associates. On 1 July 2012, a supplementary loan agreement was signed by this major shareholder and the Group. Pursuant to this agreement, other loan was unsecured, interest bearing at 5% per annum and not repayable until 30 June 2014. A new loan supplementary agreement was signed on 1 July 2014 to further extend the repayment date to 31 December 2015 while keeping other terms the same.

### 18 Share capital

	Number of shares (in thousands)	HK\$'000 (unaudited)
Ordinary shares of HK\$0.10 each		
<i>Authorized:</i>		
At 1 April 2013, 31 March 2014 and 30 September 2014	2,000,000	200,000
<i>Issued and fully paid:</i>		
At 1 April 2013, 31 March 2014	941,400	94,140
Share repurchase	(4)	–
At 30 September 2014	941,396	94,140

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 19 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, directors, employees and consultants) of the Company, an option to subscribe for shares as incentives or rewards for their contribution to the Company. The subscription price will be determined by the Board (subject to adjustment), and will not be less than the highest of (a) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (b) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of grant; and (c) the nominal value of the shares of the Company. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under this scheme and any other share option schemes adopted by the Company may not exceed 10% of the share capital of the Company in issue.

An option may be accepted by a participant within 21 days from the date of the offer 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. Subject to the terms of the share options determined by the Board, the participant may have to meet certain vesting conditions before becoming unconditionally entitled to the share options. For the share options that existed during the periods ended 30 September 2014 and 2013, vesting conditions includes performance conditions such as complete or successful exit of specified investment projects and market conditions such as the Company's market capitalization.

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

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 19 Share option scheme (continued)

Movement of the Company's share options during the six months ended 30 September 2014:

Grantee	Date of grant	Outstanding at the beginning of the period	Forfeited during the period	Outstanding at the end of the period	Exercisable at the end of the period	Exercise price HK\$	Exercise period
Directors of group companies	20.4.2010	3,500,000	-	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	1,750,000	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	(500,000)	2,050,000	2,050,000	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	8,750,000	(1,250,000)	7,500,000	7,500,000	1.64	18.2.2011 to 17.2.2016
		30,550,000	(1,750,000)	28,800,000	14,800,000		

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 19 Share option scheme (continued)

Movement of the Company's share options during the six months ended 30 September 2013:

Grantee	Date of grant	Outstanding at the beginning and the end of the period	Exercisable at the end of the period	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	–	1.64	31.7.2010 to 19.4.2015
Directors of group companies	20.4.2010	1,750,000	–	1.64	31.12.2010 to 19.4.2015
Directors of group companies	20.4.2010	1,750,000	–	1.64	31.3.2011 to 19.4.2015
Directors of group companies	20.4.2010	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	–	1.64	31.7.2010 to 19.4.2015
Employees	20.4.2010	1,750,000	–	1.64	31.3.2011 to 19.4.2015
Employees	20.4.2010	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
		<b>34,800,000</b>	<b>19,050,000</b>		

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 19 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 recognized in profit or loss during the current period:	HK\$571,000 (2013: HK\$670,000)
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 recognized in profit or loss during the current period:	HK\$Nil (2013: HK\$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.

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 20 Net asset value per share

The net asset value per share is calculated by dividing the net asset value of the Group at 30 September 2014 of approximately HK\$1,251,216,000 (31 March 2014: approximately HK\$1,326,619,000) by the number of ordinary shares in issue at that date, being 941,396,000 (31 March 2014: 941,400,000).

## 21 Commitments

### (a) Capital commitment

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

	<b>Group</b>	
	<b>30 September 2014 (Unaudited) HK\$'000</b>	31 March 2014 (Audited) HK\$'000
Capital contribution to Jin Dou <sup>(1)</sup>	<b>104,831</b>	104,800
Capital injection to Panlink <sup>(2)</sup>	<b>94,313</b>	93,769

(1) According to the "Supplementary to Limited Partnership Agreement" signed between the Group and the limited partner of Jin Dou during the year ended 31 March 2012, the Group has committed to a further capital contribution of US\$13.5 million (equivalent to approximately HK\$104.8 million) to Jin Dou. The calling of the further capital contribution lies upon the future funding needs of Jin Dou.

(2) According to the sales and purchase agreement signed between Panlink Investments Limited ("Panlink"), a wholly-owned subsidiary of the Group, and the counterparties in August 2012, the Group has committed to a capital injection of RMB75 million (equivalent to approximately HK\$94.3 million) towards a new investment vehicle, whose target is to acquire interests in consumer retail related assets. The commitment is conditional upon successful acquisitions and approvals from relevant authorities.



# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 21 Commitments (continued)

### (b) Operating lease commitments

At 30 September 2014, the total future minimum lease payments under non-cancellable operating lease for office premises and staff quarters are payable as follows:

	<b>30 September 2014 (Unaudited) HK\$'000</b>	31 March 2014 (Audited) HK\$'000
Within one year	<b>2,167</b>	3,613
In the second to fifth years inclusive	<b>300</b>	660
	<b>2,467</b>	4,273

## 22 Related party transactions

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated interim financial information, the Group had the following transactions and balances with its related parties:

### (a) Transactions and balances with related parties

1. During the six months ended 30 September 2014, investment management fees of approximately HK\$9,905,000 (2013: approximately HK\$9,830,000) were charged by Oriental Patron Asia Limited ("OPAL"), which is the investment manager of the Company and is a wholly owned subsidiary of Oriental Patron Financial Services Group Limited ("OPFSG"). OPAL is a related company; as the directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have significant influence in OPFSG. The investment management fee was charged in accordance with the agreement with OPAL for investment management services and 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.

# Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

## 22 Related party transactions (continued)

### (a) Transactions and balances with related parties (Continued)

1. (Continued)  
At 30 September 2014, investment management fee payable of approximately HK\$1,597,000 (at 31 March 2014: approximately HK\$1,717,000) was included in other payables.
2. During the six months ended 30 September 2014, the Group paid rental expense of approximately HK\$1,447,000 to Oriental Patron Management Service Limited (“OPMSL”) for office premises (2013: HK\$1,132,000). OPMSL is a wholly owned subsidiary of OPFSGL and it is considered as a related company of the Group as its directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have significant influence in OPFSGL.
3. At 30 September 2014, accrued directors’ fees due to the Company’s independent non-executive directors of approximately HK\$375,000 (at 31 March 2014: Nil) was included in other payables.



## Notes to the Condensed Consolidated Interim Financial Information (Continued)

For the six months ended 30 September 2014

### 22 Related party transactions (continued)

#### (b) Compensation of key management personnel

	<b>Six months ended 30 September</b>	
	<b>2014 (Unaudited) HK\$'000</b>	<b>2013 (Unaudited) HK\$'000</b>
Salaries and other short-term employee benefits	495	495
Contributions to retirement benefits scheme	6	6
Equity-settled share-based payment	571	670
	<b>1,072</b>	<b>1,171</b>

### 23 Approval of condensed consolidated interim financial information

The condensed consolidated interim financial information was approved and authorized for issue by the Board on 27 November 2014.