# PRIMED • READY

Annual Report 2014/2015

東英 ORIENTAL PATRON

OP Financial Investments Limited

Stock Code: 1140

# Contents

# 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

## COMPANY SECRETARY

Mr. LEUNG Kai Wai

## INVESTOR RELATIONS OFFICER

Ms. WU Shan

## INVESTMENT MANAGER

Oriental Patron Asia Limited

## AUDITOR

PricewaterhouseCoopers

## PRINCIPAL REGISTRARS

Royal Bank of Canada Trust 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 BANKERS AND CUSTODIAN

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

## STOCK CODE

The Stock Exchange of Hong Kong Limited
Code: 1140

## WEBSITE

www.opfin.com.hk

# Chairman's Statement

Dear Shareholders,

The Group's portfolio saw mixed results in 2015. Our main investment in asset management fared well, continuing to grow and contributing stable profit, while our investment in the Russian oil industry incurred an impairment loss on fair value. Its operations were impacted directly by sanctions and the sudden drop oil price. Amongst our more recent projects, we are pleased to report positive returns from our position in the green energy sector and announced a new structured finance investment. As at 31 March 2015, the Group's net assets value amounted to HK$1.27 billion. A net loss of HK$2.95 million was recorded mainly due to impairment losses.

Looking ahead, the Group sees tremendous opportunities.

In the last year alone, China announced the "Silk Road Economic Belt" initiative and the Asian Infrastructure Investment Bank, whilst expanding the QDII scheme alongside the Shanghai Hong Kong Stock Connect Program. Chinese new policies and rapidly developed companies and upper class will lead to larger scale outbound investments and diversified investment forms. As a Hong Kong-based investment company focusing on cross-border capital transactions, OP Financial has developed an extensive network of domestic and international partners.

CSOP, our investment in financial services platform, has become the largest RQFII asset manager in the world now with US$7.86 billion in assets under management directly benefiting from the internationalisation of Renminbi.

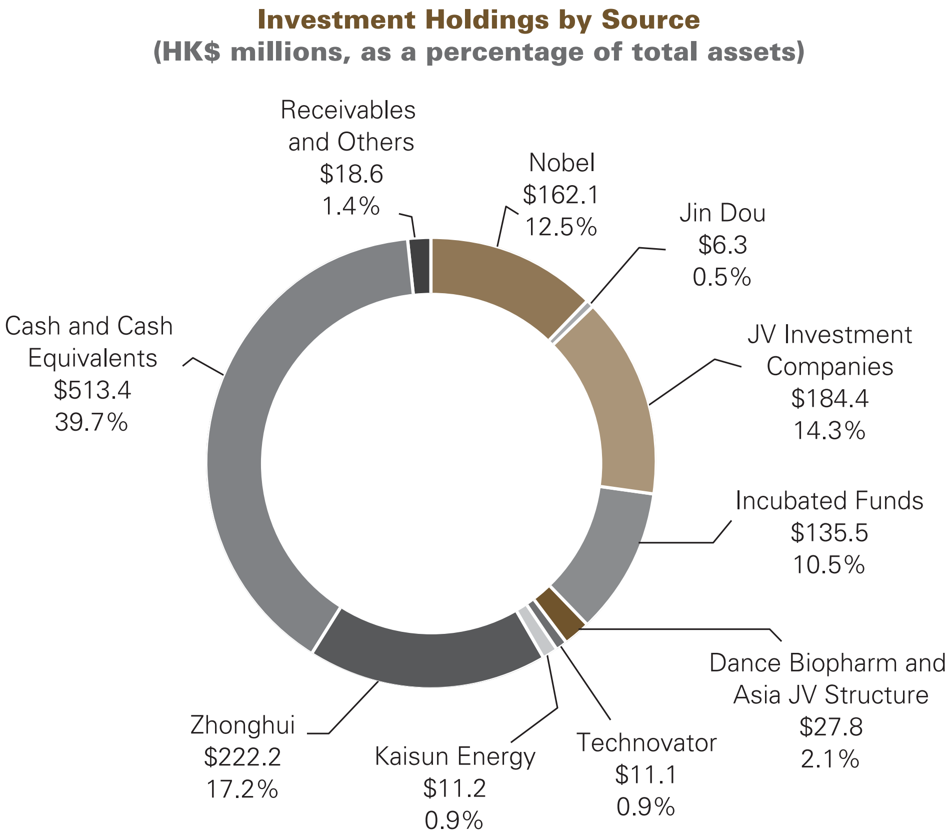
Furthermore, reform and the opening-up of capital markets have sparked the emergence of a new generation of PRC fund manager. Eager to grow their mandates globally through the financial hub of Hong Kong, many are only just learning the rules and costs of regulation. OP Investment Management intends to develop a fund management platform to help them to access capital offshore and rapidly build their own track record.

The high saving rates and economic growth in China have provided liquidity. It's expected that capital will flow into financial assets once the interests in real estate investment fade away. In the long run, we've seen a trend of Chinese acquisitions of overseas enterprises given that national companies have higher valuations then the average level globally. OP Financial is familiar with the market demand both in China and abroad and committed to build a cross-border investment platform.

We intend to strengthen capital base in the future so as to better capture investment opportunities. With extensive experience and professional networks in cross-border transactions, we will become an extraordinary cross-border investment group, creating more value for shareholders in the new era of the bilateral opening-up in China's capital market.

**Zhang Zhi Ping**
*Chairman*
26 June 2015, Hong Kong

# Management Discussion and Analysis




## INVESTMENT REVIEW

The Group's portfolio saw mixed results during the year ended 31 March 2015 (the "Year") on the back of volatile capital and commodity markets. CSOP performed well through expansionary efforts, offsetting fair value loss in Nobel. OPIM was impacted by AUM decline and operational restructuring. On the public equity side, the Group achieved positive returns from redemption of incubated funds and an investment in Technovator.

### 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 from HK$202.1 million to HK$162.1 million over the past year, due to falling oil prices coupled with a depreciated Ruble trigged by sanctions against Russia as a response to its military activities in Ukraine. Inherently thin operating margins in the oil industry subject Nobel's profitability to even incremental changes in global oil prices.

In response, Nobel's oil output in 2014 was reduced 15.6% from 772,265 tons to 652,147 tons to preserve current oil reserves until prices recover, whilst continued exploration is expected to improve reserve quality.

It has been reported that analysts' consensus expects Brent crude oil price to average US$61 per barrel in 2015. Nobel's oil production rates will eventually return to normal in line with the recovery of oil price.

Nobel's management remains optimistic about opportunities for a trade sale to regional players. Nobel's flexibility in light of global events is a great example of the resilience of hard asset classes especially those in the energy resources sector with strong underlying value.

# Management Discussion and Analysis

## Jin Dou

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

Our position fell slightly from HK6.8 million to HK$6.3 million, while performance premiums received since inception helped maintain an overall positive investment.

The Jin Dou project moved steadily forward during the Year. Studies on developing 88,000 hectares of integrated farming and husbandry were approved by Jin Dou's limited partner, China Investment Corporation. These include 58,000 hectares of livestock production and 30,000 hectares for planting proper crops. It is scheduled to start small-scale cattle and sheep breeding followed by commercial scale production. Jin Dou also expanded its distribution channels in 2014, successfully completing its first commercial export sales to Russia.

As its management strengthens the relationship with local government and business communities, Jin Dou is also exploring ancillary joint investment opportunities in trade and distribution specifically into China.

## JV Investment Companies

We have non-controlling positions in five (2013/2014: four) asset management companies. The two major positions are CSOP Asset Management Ltd. ("CSOP") and OP Investment Management.

### CSOP

The overall performance of our CSOP position grew from HK$136.8 million to HK$166.3 million. Taking into account the dividend of HK$33.0 million received in November 2014, it represents a 46% year-on-year increase. CSOP holds the world's largest Renminbi RQFII quota of RMB46.1 billion (equivalent to approximately US$7.37 billion).

The Renminbi (RMB) internationalisation, monetary easing and the People's Bank of China's interest rate cuts boosted Chinese A-share performance topping 30% in 2014 alone. With the historic launch of the Shanghai-Hong Kong Stock Connect programme, markets in both jurisdictions benefited. This year, global investors increase their allocations to Chinese assets.

CSOP accelerated its efforts to extend business beyond Hong Kong and beyond its highly successful Hong Kong listed CSOP FTSE China A50 ETF. CSOP launched ETFs in Europe in cooperation with local partners and the U.S. on its own to attract investors beyond Asian time zones. Four new products targeting Chinese onshore short-term government bonds, the largest 50 Internet giants in China and US market, and Shenzhen's ChiNext board were released successively in the first half year of 2015 alone. Its successful strategy to leverage its expert product development and unique leadership in China investment, places the company amongst a small list of innovative peers in the financial industry.

We believe CSOP's carrying book value based on a proportional share of the company's net assets does not reflect its true market value. Certainly not compared to global asset managers of its caliber which are trading at more than 20x Price-Earnings ratio. Therefore, we plan to hold the position as the investee continues its international expansion. We believe CSOP's positioning promises high returns.

# Management Discussion and Analysis

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

OP Investment Management, including OP Investment Management (Cayman) Limited and OP Investment Management Limited, provides platform services including infrastructure and middle to back office services for emerging third party funds. OPIM's AUM decreased from US$314 million to US$165 million, largely due to graduating manager leaving the platform and our redemption from incubated funds.

Our investment position via ordinary shares and preferences shares as at 31 March 2015 fell to HK$9.0 million from HK$47.5 million on account of AUM decline and platform restructuring.

Despite the challenges, OPIM platform helps numerous funds established in Hong Kong, reducing their performance drag and improving operational efficiency. OPIM saw several managers graduate from the platform having successfully built their track records. New funds have been launched on the platform since November 2014. OPIM is currently developing a product line to accommodate fund managers from China looking to capitalise on fund flows leaving the country.

## Incubated Funds

The Group invested 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 to multi-strategy hedge. Including our investments managed by OPIM, our total fund investment decreased from HK$377.3 million to HK$135.5 million during the Year. This was primarily due to HK$253.8 million in redemption of incubated funds, partly offsetting by investment return of HK$12.0 million.

We will gradually redeem our seed capital from incubated funds previously launched as they have become more established.

**Incubated Investment Funds**
**(HK$ millions)**

**2015**

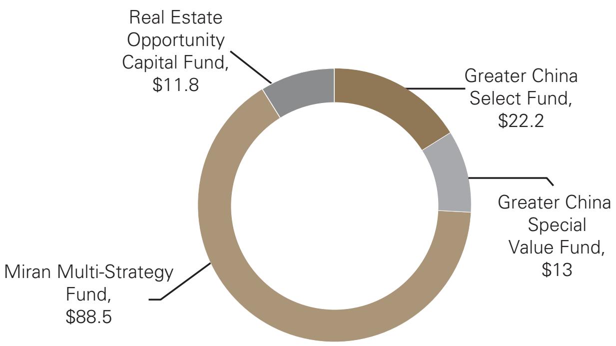



**Figure 1: Total HK$135.5 million**

## Zhonghui

OPFI made a special situation investment of HK$197 million in January 2015, by providing interim financing to the developer of a commercial property project in Beijing known as the Zhonghui Plaza, which is located in the prime district of East Second Ring Road, Beijing. The asset has an estimated market value exceeding RMB6.5 billion. The investment attached with call/put options arrangements with the controlling shareholder of Zhonghui Plaza's property developer. Under the terms of the option arrangements, it is expected the investment to yield more than 30% in absolute return.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Financial position

*Net asset value:* The Group's net assets as at 31 March 2015 decreased 5% from HK$1.33 billion to HK$1.27 billion during the Year. The NAV per share decreased from HK$1.41 to HK$1.35.

*Gearing:* The gearing ratio, which is calculated on the basis of total liabilities over total equity as at 31 March 2015, was 0.02 (31 March 2014: 0.02). We managed to maintain our low leverage policy for our investments.

*Investments accounted for using equity method:* It represents mainly our share of net assets of asset management companies and new interest in Grand Central Tian Di L.P. ("Grand Central"), which holds the special situation asset of the commercial property known as Zhonghui Plaza. Assets increased by 180.8% to HK$400.7 million as at 31 March 2015 (31 March 2014: HK$142.7 million) reflecting our new investment position in Grand Central and CSOP's strong financial performance for the Year.

*Available-for-sale financial assets:* A 31.8% decrease from HK$312.4 million to HK$213.2 million during the Year was mainly the result of (i) decline in our position with Nobel of HK$40.0 million and (ii) decline in our position with OPIM of HK$38.4 million.

*Financial assets at fair value through profit or loss:* The HK$228.4 million decrease from HK$384.1 million to HK$155.7 million during the Year was mainly the net results of (i) HK$253.8 million in redemption of investment funds; (ii) net unrealised gain on investment funds managed by OPIM of HK$11.8 million; and (iii) unrealised gain on listed shares of HK$3.8 million.

*Bank and cash balances:* During the Year, bank and cash balances increased from HK$500 million to HK$513 million, mainly attributable to the net results of disposal of incubated funds and HK$197 million investment in Zhonghui.

## RESULTS

The Group has experienced a challenging year. Despite CSOP delivered HK$63.2 million in share of its results, weaknesses in Nobel and OPIM contributed to a change in net assets from HK$1.33 billion to HK$1.27 billion. The Group incurred a net loss of HK$3.0 million (2014: profit of HK$47.2 million). Total comprehensive income amounted to a loss of HK$13.8 million compared to a profit of HK$53.7 million last year.

### Consolidated statement of profit or loss and other comprehensive income

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

| | **2015<br>HK$'000** | 2014<br>HK$'000 |
|---|---|---|
| Dividend income from unlisted investments[1] | **9,099** | 8,698 |
| Performance premium from a co-investment partner[2] | **15,525** | 15,504 |
| Interest income[3] | **7,181** | 6,286 |
| | **31,805** | 30,488 |

(1) Stock dividend of approximately HK$7.7 million was received from Valueworth Ventures Limited during the Year. Last year's figure mainly represented dividend of HK$6.6 million received from Nobel.

(2) CIC, co-investment partner in both the agriculture partnership and Nobel, awarded OPFI performance premiums totaling HK$15.5 million (2014: HK$15.5 million) to the Group in return for our resources allocate to the agriculture partnership – Jin Dou.

(3) Interest income of approximately HK$7.2 million (2014: HK$6.3 million) is mainly derived from our term deposits in banks.

# Management Discussion and Analysis

*Net change in unrealised gain/loss on financial assets at fair value through profit or loss:* The net change in unrealised gain of HK$11.6 million (2014: gain of HK$16.1 million) mainly represents the net result of (i) the unrealised gain on listed shares and investment funds of HK$15.8 million; and (ii) the transfer-out of net unrealised gain of HK$4.2 million due to disposal of investment funds.

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

*Impairment losses on available-for-sale financial assets:* Due to the prolonged decrease in the fair value of the Group's investment in Nobel, OPIM and Kaisun from their investment cost, an impairment losses of HK$90.3 million were recognised during the Year.

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

*Administrative expenses:* The total administrative expenses remain approximately the same level and no material change is noted.

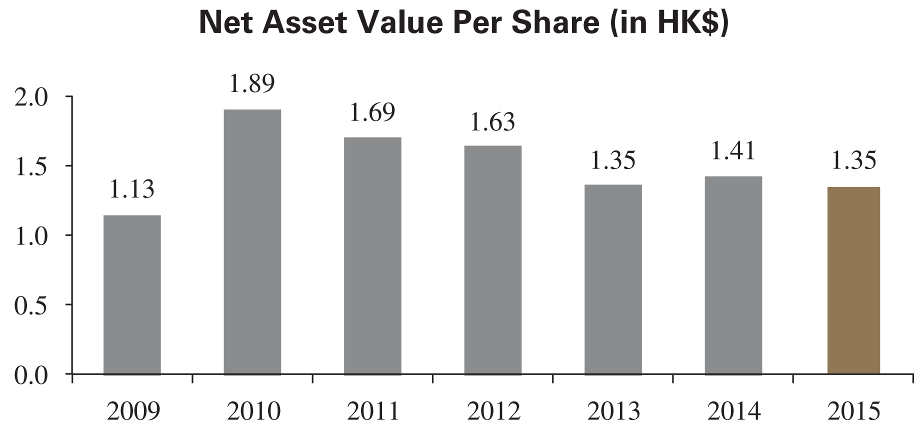
*Share of results of investments accounted for using equity method:* a net amount of approximately HK$89.5 million (2014: HK$34.7 million) accounted for our share of results of the investments, including a gain of HK$63.2 million attributable to CSOP and a total gain of HK$4.3 million attributable to both Miran Capital Management Ltd. and Guotai Junan.

*Other comprehensive income:* Changes to the Group's NAV, otherwise not accounted for in "loss for the year", are found in "other comprehensive income". The loss of HK$10.9 million is net of (i) decrease in fair value of available-for-sale financial assets by HK$99.2 million, mainly represents decrease in value of equity interest in Nobel and values of OPIM Group preferences shares; (ii) impairment losses on available-for-sale financial assets of HK$90.3 million; and (iii) decrease in share of other comprehensive income of investments accounted for using equity method by HK$2.0 million. Combining with the "loss for the year", the total comprehensive income for the Year was a loss of HK$13.8 million.

### Fair value changes recognised in "Other Comprehensive Income"

| | **2015 HK$'000** | 2014 HK$'000 |
|---|---|---|
| Nobel | **(40,027)** | (40,501) |
| Kaisun – Ordinary Shares | **(5,417)** | (3,963) |
| OPIM Group | **(38,430)** | 21,430 |
| Jin Dou | **(521)** | (109) |
| Dance Biopharm | **(7,170)** | 15,669 |
| Technovator | **(7,607)** | 7,607 |
| Fair value changes | **(99,172)** | 133 |

# Management Discussion and Analysis




## DIVIDEND POLICY AND PROPOSED FINAL DIVIDEND

No interim dividend was paid during the Year. The Directors do not recommend the payment of a final dividend for the Year (2014: HK$0.05 per share).

## LIQUIDITY AND FINANCIAL RESOURCES

Dividend income from investments held, performance premiums, and interest income from bank deposits and financial instruments held are currently the Group's major source of revenue. During the Year, the Group continued to maintain a significant balance of cash and cash equivalents. As at 31 March 2015, the Group had cash and bank balances of HK$513 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 Year 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 26 times (2014: 30 times). For further analysis of the Group's cash position, current assets and gearing, please refer to paragraphs under sub-sections headed "Financial Position" above. The Board believes that the Group has sufficient financial resources to satisfy its immediate investments and working capital requirements.

## CAPITAL STRUCTURE

As at 31 March 2015, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK$1.27 billion (2014: HK$1.33 billion) and 941,360,000 (2014: 941,400,000), respectively.

## MATERIAL ACQUISITIONS AND DISPOSALS OF INVESTMENTS

The Group had the following material acquisitions and disposals of investments during the Year.

- Redemption of HK$141.9 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
- Redemption of HK$8.4 million from Phoenixinvest Pacific Fund
- Investment of HK$197 million in Grand Central Tian Di, L.P.

## SEGMENT INFORMATION

Segment information of the Group is set out in note 8 on pages 61 and 62 of this report.

## EMPLOYEES

During the Year, the Group had 27 (2014: 23) employees, inclusive of all directors of the Group and its subsidiaries. Total staff costs for the Year amounted to HK$19.1 million (2014: HK$18.3 million). The Group's remuneration policies are in line with the market practice and are determined on the basis of the performance and experience of individual employee.

# Management Discussion and Analysis

## SHARE OPTION SCHEME

During the Year, the Group has recognised HK$1,142,000 (2014: HK$1,510,000) in the profit or loss as share-based compensation expenses regarding the share options granted in 2010 and 2011. No new share option was granted or offered during both years.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

At 31 March 2015, the Group had exposure to foreign exchange fluctuation from its bank balances. These investments were denominated in RMB and the maximum exposure to foreign currency risk was RMB691,000, equivalent to HK$864,000 (at 31 March 2014: RMB45,097,000, equivalent to HK$56,383,000).

At 31 March 2015, the Group held certain financial assets which were denominated in USD. The Board is of the opinion that the Group's exposure to USD foreign currency risk is minimal as HKD was pegged to USD by the Hong Kong's Linked Exchange Rate System.

## CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2015, there were no charges on the Group's assets and the Group did not have any significant contingent liabilities.

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

As at 31 March 2015, there were no plans for material investments or capital assets, but the Company may, at any point, be negotiating potential investments. The Company considers new investments as part of its normal business, and therefore management may publically announce these plans as they become necessarily disclosable to shareholders during the course of the financial year.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Year, the Company repurchased a total of its 4,000 ordinary shares ("Repurchased Shares") on the Stock Exchange of Hong Kong Limited. The Repurchased Shares were then cancelled and the issued share capital of the Company was accordingly reduced to 941,396,000 shares. Such repurchases were effected by the Directors pursuant to the general mandate to repurchase shares granted by the shareholders of the Company to the Board at the annual general meeting of the Company held on 14 August 2013, with a view to benefiting shareholders as a whole in enhancing the net asset value of the Company.

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 Year.

# Biographical Details of Directors and Senior Management

Brief biographical details of directors ("Directors") and senior management ("Senior Management") of the Company are stated below:

## DIRECTOR

### Executive Directors

**Mr. ZHANG Zhi Ping**, aged 59, was appointed as an executive Director and chairman of the Company in February 2003. He has also been appointed as the chairman of the nomination committee and serving as a member of the corporate governance committee of the Company since January 2012. Mr. ZHANG is the chairman of Oriental Patron Financial Group and is responsible for formulating the investment strategies, monitoring the investment performance and approving investment decisions. Mr. ZHANG obtained a bachelor's degree in Arts from Heilongjiang University in 1982 and later graduated from Graduate School of the People's Bank of China ("PBOC") (中國人民銀行研究生部) and obtained a master's degree in Economics. Mr. ZHANG has over 30 years of experience in the PRC and international financial markets and held senior positions in a number of institutions, including the deputy division chief in Financial Administration Department (金融管理司) of the PBOC, the chairman and general manager of Hainan Provincial Securities Company, the inaugural director of the Securities Society of China, the inaugural director of Department of Intermediary Supervision (證券機構監管部) of China Securities Regulatory Commission ("CSRC"), a member of the listing committee of the Shanghai Stock Exchange and the chairman of the investment committee of Hainan Fudao Investment Management Company. Since April 2014, Mr. ZHANG has taken up the role to serve as the Executive Chairman of the South-South Asia-Pacific Finance Center, an NGO under the UN framework established for the promotion of South South Cooperation.

**Mr. ZHANG Gaobo**, aged 50, was appointed as an executive Director and chief executive officer of the Company in February 2003, and has been serving as a member of the nomination committee and corporate governance committee since January 2012. Mr. ZHANG is responsible for formulating the investment strategies, monitoring the investment performance and approving investment decisions. Mr. ZHANG founded Oriental Patron Financial Group with founding partners in 1993 and held the position as chief executive since then. He obtained a bachelor's degree in Science from Henan University in 1985 and later graduated from the Peking University with a master's degree in Economics in 1988. From 1988 to 1991, Mr. ZHANG worked in Hainan Provincial Government (海南省政府) and PBOC Hainan Branch and as the chairman of Hainan Stock Exchange Centre (海南證券交易中心). Mr. ZHANG is also an independent non-executive director of Beijing Enterprises Water Group Limited, a company listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and a non-executive director of Vimetco N.V., a company listed on the London Stock Exchange. Mr. ZHANG has taken up the role to serve as the Secretary-General of the South-South Asia Pacific Finance Center, an NGO under the UN framework established for the promotion of South South Cooperation since April 2014.

### Independent Non-executive Directors

**Mr. KWONG Che Keung, Gordon**, aged 65, has been an independent non-executive Director and the chairman of the audit committee of the Company since February 2003. Mr. KWONG has also been serving as a member of the remuneration committee of the Company since April 2005, a member of the nomination committee and corporate governance committee of the Company since January 2012. He is also an independent non-executive director of a number of companies listed on the Stock Exchange, namely NWS Holdings Limited, Global Digital Creations Holdings Limited, China Power International Development Limited, Henderson Land Development Company Limited, Henderson Investment Limited, Agile Property Holdings Limited, CITIC Telecom International Holdings Limited, China COSCO Holdings Company Limited and Chow Tai Fook Jewellery Group Limited. Mr. KWONG was previously an independent non-executive director of China Chengtong Development Group Limited until 1 November 2013. He was also an independent non-executive director of Quam Limited until 6 September 2012, the date of the annual general meeting of the company wherein he did not offer himself for re-election. From 1984 to 1998, Mr. KWONG was a partner of Pricewaterhouse and was a council member of the Stock Exchange from 1992 to 1997. He has a Bachelor of Social Science degree from the University of Hong Kong and is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

**Prof. HE Jia**, aged 60, has been an independent non-executive Director and serving as a member of the audit committee of the Company since February 2003 and a member of the remuneration committee of the Company since April 2005. Prof. HE has also been appointed the chairman of the corporate governance committee and serving as a member of the nomination committee of the Company since January 2012. He is a professor of Department of Finance at the Chinese University of Hong Kong and a professor at the Tsinghua University. He was a commissioner of the Strategy and Development Committee of CSRC and director of research of Shenzhen Stock Exchange from June 2001 to October 2002. He is an editor of China Financial Economics Review, and is serving as a member of editorial boards of a number of journals, including China Accounting and Finance Review and Research in Banking and Finance. He holds a Doctor of Philosophy degree in Finance from the Wharton School of University of Pennsylvania, the United States.

# Biographical Details of Directors and Senior Management

**Mr. WANG Xiaojun**, aged 60, has been an independent non-executive Director and a member of the audit committee of the Company since August 2004. Mr. WANG has also been serving as the chairman of the remuneration committee of the Company since April 2005, and a member of the nomination committee and corporate governance committee of the Company since January 2012. Mr. WANG is a partner of Jun He Law Offices and was admitted lawyer and solicitor in the PRC, Hong Kong and England and Wales in 1988, 1995 and 1996 respectively. Mr. WANG has worked as a member of the legal expert group in the Stock Exchange and solicitor in Richards Bulter and has worked as an investment banker in Peregrine and ING Barings. He graduated from the People's University of China and the Graduate School of the Chinese Academy of Social Science and holds a bachelor degree in Laws and a master degree in Laws. Mr. WANG is currently an independent non-executive director of Yanzhou Coal Mining Company Limited, a company listed on the Stock Exchange, Shanghai Stock Exchange and New York Stock Exchange, Livzon Pharmaceutical Group Co., Ltd., a company listed on the Stock Exchange and Shenzhen Stock Exchange, and China Aerospace International Holdings Limited, a company listed on the Stock Exchange. He was previously an independent non-executive director of Zijin Group Mining Co. Ltd until 24 October 2013 and Norinco International Cooperation Company Limited until 16 September 2014.

## SENIOR MANAGEMENT

### Deputy Chief Executive Officer

**Mr. ZHANG Wei Dong**, aged 50, is the general manager of Jin Dou Development Fund, L.P., and the Partner and Deputy CEO of Oriental Patron Financial Group, primarily responsible for private equity investments. Mr. ZHANG has over 13 years' experience in the operation and management of commercial banking, during which he worked in the International Business Department of the Industrial and Commercial Bank of China Limited ("ICBC") with final position as Deputy General Manager of the department, including 3 years in ICBC Almaty Branch, where he was in charge of treasury, credit lending and office operations. Moreover, Mr. ZHANG has 11 years of investment banking experience, served as executive director of ICEA Finance Group (the investment banking arm of ICBC) and managing director of Alpha Alliance Finance Holdings, responsible for corporate finance and sales department respectively. Mr. ZHANG holds a master degree from Renmin University in Economics, a diploma of Program Management Development of Harvard Business School, and held a fellowship from Columbia University in New York.

### Head of Energy & Resources

**Mr. YEAP Soon Pin, Jonathan**, aged 53, was appointed as the Partner and Head of Energy & Resources of the Company in November 2010, has responsibility for the origination and development of the Company's energy and resources businesses. He has over 25 years' experience in energy and natural resources industries. Before joining the Company, Mr. YEAP was the chief executive officer of Kaisun Energy Group Limited, a company listed on the Stock Exchange from 2008 to 2010. Prior to that, he was from 1997 to 2001 a chief executive officer of the China region and the managing director of Asia Pacific region of Enron Corporation, a global energy group. Moreover, Mr. YEAP served as a chief executive officer of a subsidiary of a large oil, gas, coal and power company in the United States from 1993 to 1996. He also worked as a project director of a large United States power generating company assigned to the PRC from 1992 to 1993. During this period, Mr. YEAP was a lead developer for a foreign-invested integrated coal mine, power plant, DC transmission line project transporting translator's enquiry electricity from Shanxi province, the PRC to Jiangsu province/Shanghai, the PRC. Mr. YEAP held various engineering and financial positions with a Canadian company specialising in development, construction and operation of independent power plants worldwide between 1983 and 1992. He holds a bachelor degree in electrical engineering from the University of Alberta.

# Directors' Report

The directors ("Directors") of OP Financial Investments Limited (the "Company", together with its subsidiaries, collectively referred to as the "Group") are pleased to present their annual report together with the audited consolidated financial statements for the year ended 31 March 2015 (the "Year").

## PRINCIPAL ACTIVITIES

The Company is an investment company incorporated with limited liability as an exempted company in the Cayman Islands on 26 July 2002. The principal investment objective is to achieve earnings for the Company in the form of medium to long term capital appreciation through investing in a diversified portfolio of global investments in listed and unlisted enterprises. The activities of its principal subsidiaries are set out in note 15 to the consolidated financial statements.

## SEGMENT INFORMATION

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

## RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 30.

The Directors do not recommend the payment of a final dividend for the Year.

## RESERVES

Details of the movements in the reserves of the Group and of the Company during the Year are set out in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity on pages 30 and 33 and note 23 to the consolidated financial statements.

## FIXED ASSETS

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

## SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 21 to the consolidated financial statements.

## PRE-EMPTIVE RIGHTS

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

## FIVE YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 92 of this report.

# Directors' Report

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Year, the Company repurchased a total of its 4,000 ordinary shares ("Repurchased Shares") on the Stock Exchange. The Repurchased Shares were then cancelled and the issued share capital of the Company was accordingly reduced to 941,396,000 shares. Such repurchases were effected by the Directors pursuant to the general mandate to repurchase shares granted by the shareholders of the Company to the Board at the annual general meeting of the Company held on 14 August 2013, with a view to benefiting shareholders as a whole in enhancing the net asset value of the Company.

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

## SHARE OPTIONS

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

## DIRECTORS

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

### Executive Directors

Mr. ZHANG Zhi Ping
Mr. ZHANG Gaobo

### Independent Non-executive Directors

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

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

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

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

## DIRECTORS' SERVICE CONTRACTS

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

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

# Directors' Report

## DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the paragraph headed "Connected transactions" in this report and in note 27 to the consolidated financial statements, no other contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries or its fellow subsidiaries was a party and in which any Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

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

As at 31 March 2015, 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 pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), to be notified to the Company and the Stock Exchange were as follows:

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

| | Number of ordinary shares/ underlying shares held in the Company | | | | Total interests as to % to the issued share capital of the Company as at 31 March 2015 (note 1) |
|---|---|---|---|---|---|
| **Name of director** | **Capacity in which interests are held** | **Interests in shares** | **Interests under equity derivatives** | **Total interests** | |
| Mr. ZHANG Zhi Ping (notes 2&3) | Interest of controlled corporation | 359,800,000 | – | 359,800,000 | 38.22% |
| Mr. ZHANG Gaobo (notes 2&3) | Interest of controlled corporation | 359,800,000 | – | 359,800,000 | 38.22% |

Notes:

(1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 941,396,000 shares as at 31 March 2015.

(2) This represented 330,000,000 shares held by Ottness Investments Limited ("OIL") and 29,800,000 shares held by Oriental Patron Financial Services Group Limited ("OPFSGL").

(3) OIL is a wholly owned subsidiary of Oriental Patron Financial Group Limited ("OPFGL"), while 95% of the issued share capital of OPFSGL is owned by OPFGL. The entire issued share capital of OPFGL is beneficially owned as to 51% by Mr. ZHANG Zhi Ping and 49% by Mr. ZHANG Gaobo. By virtue of the SFO, each of Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo is deemed to be interested in the shares and underlying shares of the Company held by OIL and OPFSGL.

Save as disclosed above, as at 31 March 2015, 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.

# Directors' Report

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

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 March 2015, the Company had been notified of the following substantial shareholders' interests or short positions, being 5% or more of the Company's shares and underlying shares. These interests include those disclosed above in respect of the Directors and chief executive.

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

| | Number of ordinary shares/ underlying shares held in the Company | | | | |
|---|---|---|---|---|---|
| **Name of shareholder** | **Capacity in which interests are held** | **Interests in shares** | **Interests under equity derivatives** | **Total Interests** | **Total interests as to % to the issued share capital of the Company as at 31 March 2015** (note 1) |
| OIL (note 3) | Beneficial owner | 330,000,000 | – | 330,000,000 | 35.05% |
| OPFGL (notes 2&3) | Interest of controlled corporation | 359,800,000 | – | 359,800,000 | 38.22% |
| Primus Pacific Partners Investments 2 Ltd (note 4) | Beneficial owner | 155,040,000 | – | 155,040,000 | 16.47% |
| Primus Pacific Partners 1 LP (note 4) | Interest of controlled corporation | 155,040,000 | – | 155,040,000 | 16.47% |
| Primus Pacific Partners (GP1) LP (note 4) | Interest of controlled corporation | 155,040,000 | – | 155,040,000 | 16.47% |
| Primus Pacific Partners (GP1) Ltd (note 4) | Interest of controlled corporation | 155,040,000 | – | 155,040,000 | 16.47% |
| Mr. NG Wing Fai (note 4) | Interest of controlled corporation | 155,040,000 | – | 155,040,000 | 16.47% |
| Mr. HUAN Guocang (note 4) | Interest of controlled corporation | 155,040,000 | – | 155,040,000 | 16.47% |

Notes:

(1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 941,396,000 shares as at 31 March 2015.

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

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

# Directors' Report

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

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

Notes: (continued)

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

Save as disclosed above, as at 31 March 2015, the Company has not been notified by any other persons, not being a Director or chief executive of the Company, who has interests or short positions in the shares and underlying shares of the Company representing 5% or more of the Company's issued share capital.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

At no time during the Year was the Company or its associated corporations a party to any arrangements to enable the Directors or chief executive of the Company to acquire any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations.

## EMOLUMENT POLICY

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

## SUFFICIENCY OF PUBLIC FLOAT

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

## MANAGEMENT CONTRACTS

Save as disclosed in the paragraph below the Investment Management Agreement and note 27 to the consolidated financial statements and employment contracts, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

# Directors' Report

## CONNECTED TRANSACTIONS

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

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

### (a) Non-exempt continuing connected transactions

**Investment Management Agreement**

Pursuant to the Investment Management Agreement (the "Investment Management Agreement") dated 24 February 2014, the Company has re-appointed Oriental Patron Asia Limited ("OPAL") as its investment manager to provide investment management services for a fixed term of three years commencing on 1 April 2014 to 31 March 2017. Pursuant to the Investment Management Agreement, the Company will pay OPAL a monthly management fee at 1.5% per annum of the NAV of the Group as at the immediately preceding Valuation Date as defined in the Investment Management Agreement on the basis of the actual number of days in arrears in the relevant calendar month over a year of 360 days and a performance fee at 10% of the increase in the NAV per share as at the Performance Fee Valuation Day as defined in the Investment Management Agreement. The aggregated management fee and performance fee payable to OPAL under the Investment Management Agreement is subject to a cap for each of the three years ended 31 March 2017. The cap amount for the year ended 31 March 2015 was HK$36,000,000. During the Year, the aggregated management fees paid/payable by the Company under the Investment Management Agreement to OPAL amounting to HK$19,557,000 (2014: HK$19,801,000).

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

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

**Licence agreement**

For the Year, the monthly licence fee paid by OP Investment Service Limited ("OPISL"), a wholly-owned subsidiary of the Company, to Oriental Patron Management Services Limited ("OPMSL") under the relevant licence agreement ("Licence Agreement") in respect of a portion of the premises (the "Premise") leased by OPMSL during the relevant periods as tenant from an independent third party, was HK$241,098 for the period from 1 April 2014 to 31 March 2015. The premise is used by the Group as its principal place of business in Hong Kong. The total amount of licence fees paid to OPMSL during the Year amounted to HK$2,893,176 (2014: HK$2,527,000).

The Directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo had significant influence in OPMSL which therefore are regarded as connected persons of the Company by virtue of Rule 14A.07 of the Listing Rules. Accordingly, the Licence Agreement constitutes continuing connected transaction of the Company and is only subject to the reporting, announcement and the annual review requirements, but is exempt from the independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

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

# Directors' Report

## CONNECTED TRANSACTIONS (continued)

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

**Custodian agreement**

Pursuant to the Custodian Agreement (the "Custodian Agreement") dated 26 February 2003, the Company appointed Standard Chartered Bank as its custodian with effect from 20 March 2003. The custodian has agreed to provide listed securities services to the Company including the safe custody and physical settlement of the listed securities in the investment portfolio of the Company, and the collection of dividends and other entitlements in respect of such securities. The Custodian Agreement would continue in force until terminated by either the Company or the custodian giving to the other not less than 60 days' notice in writing expiring at any time. The custodian services by Standard Chartered Bank was terminated on 27 May 2014, thereafter the Company transferred the eligible investments of the Group under the custody of Hang Seng Bank, being one of its principal bankers. The fee paid to Hang Seng Bank in this regard during the Year was HK$275.

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

The independent non-executive Directors also confirmed (i) the aggregate value of the annual management fees paid and payable by the Company to the investment manager did not exceed its prescribed caps; (ii) the aggregate value of the annual licence fees to OPMSL fell below the threshold of the Listing Rules and would be exempt from the independent shareholders' approval requirements under the Listing Rules; and (iii) the aggregate value of the annual custodian fee to the custodian fell below the de-minimis threshold of the Listing Rules and would be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules.

All of the connected transactions entered by the Group above have complied with the applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules. Apart from the custodian fee paid under the Custodian Agreement, other transactions are also disclosed in notes 15, 16, 19 and 27 to the consolidated financial statements as related party transactions.

## BUSINESS REVIEW

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

Please refer to "Management Discussion & Analysis" on page 4.

### Principal risks and uncertainties

Please refer to note 5 to the Consolidated Financial Statements on page 53.

### Important events after the end of the financial year

Please refer to note 29 to the Consolidated Financial Statements on page 91.

### Environmental Protection

The Group has taken an initiative to promote employees' awareness of environmental protection and the need to achieve efficient utilisation of resources through launching paper recycling in offices.

### Compliance with laws and regulations

In order to comply with the Prevention of Bribery Ordinance, the Group emphasises the importance of adhering to anti-corruption practices for all employees. The Group regards honesty, integrity and fair play as its core values that must be upheld by all employees of the Group at all times. As such, the Group has established the "Policy on Acceptance of Advantage and Handling of Conflict of Interest", which is contained in the employees' handbook. Employees are not allowed to solicit or accept any advantage for themselves or others, from any person, company or organisations having business dealings with the Group.

# Directors' Report

## BUSINESS REVIEW (continued)

### Company's key relationships with its employees

The Group has provided employees with opportunities to advance their career. The Group's policy is to encourage employees to take part in professional examinations, seminars and training courses related to their roles and duties through course fee subsidies and leave grants. Competitive remuneration is also offered to employees and their performance is reviewed on an annual basis reflecting each employee's contributions to the Group. Recreationally, the Group hosted an annual dinner for its employees and their family members to enable them to interact socially and to nurture a sense of belonging and unity. Moreover, long service gifts were presented to the employees who reached 10 years of service with the Group for their loyalty and continuing contribution to the Group.

### Community involvement

On 15 July 2014, the Company together with its parent group, sponsored one session of Panda Workshop organised by Hongkong Land, which has raised a total of HK$1 million for charitable organisation WWF-Hong Kong for its conservation work. The campaign included exhibitions of 1,600 paper mache pandas in different spots in Hong Kong and the "Made-in-Hong-Kong" Paper Mache Panda Workshop, aiming to promote wildlife conservation. Our workshop gathered more than 30 employees and senior management officers of the Company at Central's creative landmark, PMQ, to provide an opportunity to enhance staff bonding, to promote work-life balance and to prove commitment in corporate social responsibility.

## RETIREMENT BENEFIT SCHEME

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

## EVENTS AFTER THE REPORTING PERIOD

Please refer to note 29 to the consolidated financial statements.

## AUDIT COMMITTEE

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

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

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

## AUDITOR

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

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

On behalf of the Board

**ZHANG ZHI PING**
*Chairman*

Hong Kong SAR, 26 June 2015

# Corporate Governance Report

## CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

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

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

## CG CODE COMPLIANCE

Except otherwise stated herein, none of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not, at any time during the Year, in compliance with the CG Code.

As already mentioned in the Company's interim report for the period from 1 April 2014 to 30 September 2014 ("Interim Report 2014") and that Code provision A.6.7 provided that, the independent non-executive directors and other non-executive directors should attend the annual general meeting of the Company. During the Year, one of the independent non-executive Directors, namely, Mr. WANG Xiaojun, did not attend the annual general meeting of the Company which was held on 14 August 2014 ("AGM") due to other business commitment on urgent basis. However, all executive Directors, namely Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo and all other independent non-executive Directors, namely, Mr. KWONG Che Keung, Gordon and Prof. HE Jia did attend the AGM.

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

## DIRECTORS' SECURITIES TRANSACTIONS

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

Directors' and Chief Executive's interests and/or short positions in shares and underlying shares of the Company or any associated corporation are shown on page 15.

## THE BOARD

### Composition

The Board currently comprises 5 members. 2 of the members are executive Directors who have considerable experience in the industry and the remaining 3 members are independent non-executive Directors ("INEDs") who are either legal professional or accounting or financial experts.

The Board's constitution is governed by Article 105 of the Articles of Association of the Company (the "Articles") under which the number of Directors shall not be less than two and Rules 3.10 and 3.10A of the Listing Rules under which every board of directors of a listed issuer must include at least three independent non-executive directors, at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise, and an issuer must appoint independent non-executive directors representing at least one-third of the board. Its composition also ensures that there is a balance of skills and experience appropriate to the requirements of the business of the Group and a balance of executive and non-executive directors (including INEDs) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

# Corporate Governance Report

## THE BOARD (continued)

### Composition (continued)

The list of Directors and their biographies (including their roles and functions at the Company) are set out in the Biographical Details of Directors and Senior Management section of this Annual Report, and are available on the Company's website.

### Board Diversity Policy

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

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

During the Year, the Nomination Committee had discussed the issue concerning the measurable objectives for achieving the diversity on the Board in accordance with the policy. A summary of discussions is set out in the subsection headed "Nomination Committee" below.

### Responsibilities

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

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

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

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

### Chairman and Chief Executive Officer

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

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

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

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

# Corporate Governance Report

## THE BOARD (continued)

### Independence of Non-executive Directors

To determine the non-executive Directors' independence, assessments are carried out upon appointment, annually and at any time where the circumstances warrant reconsideration. Each of the INEDs is appointed for a term of 1 year and they are also subject to retirement by rotation at least once every 3 years in accordance with Article 113 of the Articles and the CG Code. Also, if an INED serves more than 9 years, his further appointment will be subject to a separate resolution to be approved by shareholders of the Company ("Shareholders") in accordance with the CG Code.

The Company confirms that it has received from each of the INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the INEDs are independent in character and judgement, and fulfil the independence guidelines. Also, the three INEDs, namely, Mr. KWONG Che Keung, Gordon, Prof. HE Jia and Mr. WANG Xiaojun who have been serving more than 9 years had already offered themselves for re-election and their further appointments were approved by the Shareholders at the annual general meetings which were held on 1 August 2012 and 21 August 2013 respectively. Each of Mr. KWONG Che Keung, Gordon, Prof. HE Jia and Mr. WANG Xiaojun will offer themselves for re-election at the forthcoming AGM. The Board and the Nomination Committee further consider that all INEDs remain independent, notwithstanding their length of tenure. They continue to demonstrate the attributes of an INED noted above and there is no evidence that their tenure has had any impact on their independence. The Board and the Nomination Committee believe that their detailed knowledge and experience of the Group's business and their external experience continue to be of significant benefit to the Company and that they maintain an independent view of its affairs.

### Continuous Professional Development

Directors' training is an ongoing process. During the Year, relevant materials on amendments to the Listing Rules and regulatory updates on corporate governance were sent to the Directors for their awareness of the latest development on statutory requirements. All Directors, senior management, the Company Secretary and accounting staff are encouraged to attend relevant training courses at the Company's expense. The Company also arranges and funds suitable training and keep training record for all Directors on a yearly basis. A Director can also arrange suitable training for himself and provide the Company with his training record on a yearly basis. In addition, the Corporate Governance Committee ("CG Committee") is delegated with the responsibility of reviewing and monitoring training and continuous professional development of Directors and senior management.

During the Year, all Directors have confirmed they have read the materials provided by the Company and/or attended seminars in relation to the following topics:

– Rule Amendments Relating to Connected Transaction

– Review of the Implementation of Inside Information Regime and Continuing Obligations under the Listing Rules

– Latest Development Relating to Corporate Governance (Guidelines for Environmental, Social and Governance Report)

– Updates for the Listing Rules

– A Guide on Better Corporate Governance Disclosure

# Corporate Governance Report

## THE BOARD (continued)

### Meetings

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

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

During the Year, 38 executive Board meetings, 4 full Board meetings, 3 Audit Committee's meetings, 1 Remuneration Committee's meeting, 1 Nomination Committee's meeting, 2 CG Committee's meetings, and 1 annual general meeting were held. The attendance record of each Director was as follows:

| Director | General Meeting | Executive Board | Full Board | Audit Committee | Remuneration Committee | Nomination Committee | CG Committee |
|---|---|---|---|---|---|---|---|
| ZHANG Zhi Ping | 1/1 | 38/38 | 4/4 | | | 1/1 | 2/2 |
| ZHANG Gaobo | 1/1 | 38/38 | 4/4 | | | 1/1 | 2/2 |
| KWONG Che Keung Gordon | 1/1 | | 4/4 | 3/3 | 1/1 | 1/1 | 2/2 |
| HE Jia | 1/1 | | 4/4 | 3/3 | 1/1 | 1/1 | 2/2 |
| WANG Xiaojun | 0/1 | | 4/4 | 3/3 | 1/1 | 1/1 | 2/2 |

It should also be noted that during the Year, Mr. ZHANG Zhi Ping, the Chairman, who is also an executive Director has held 2 meetings with the INEDs.

### Performance Evaluation

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

The executive Board has conducted an evaluation for the Year which revealed that during the Year, the Board performed well with a strong composition. The Board continued to operate efficiently and was well aligned with the Group's overall objectives. Directors' participation at general meetings, quality and detail and timelines of information provided for the Board's and the Board Committees' proper consideration have improved during the Year.

## BOARD COMMITTEES

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

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

# Corporate Governance Report

## BOARD COMMITTEES (continued)

### Audit Committee

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

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

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

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

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

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

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

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

- held two meetings with the external auditors;

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

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

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

### Remuneration Committee

The Remuneration Committee comprises three INEDs, namely, Mr. WANG Xiaojun, Prof. HE Jia and Mr. KWONG Che Keung, Gordon. Mr. WANG Xiaojun is the chairman of the Remuneration Committee.

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

During the Year, the Remuneration Committee has reviewed the remuneration policy and the remuneration packages of individual executive Directors and senior management of the Company.

# Corporate Governance Report

## BOARD COMMITTEES (continued)

### Nomination Committee

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

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

During the Year, no new Director has been appointed. The Nomination Committee has reviewed the structure, size and composition of the Board, assessed the independence of INEDs and made recommendations on the re-appointment of retiring Directors to the Board. Details of re-appointments were set out in the circular of the Company dated 15 July 2014 and all re-appointments were approved by the Shareholders at the AGM.

### Corporate Governance Committee

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

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

During the Year, the CG Committee has reviewed the Company's policy and practices on corporate governance, training and continuous professional development of Directors and senior management, compliance with the CG Code and relevant disclosure in the annual report for the year ended 31 March 2014 and the Interim Report 2014. Save as otherwise provided in the section headed "CG Code Compliance", the CG Committee concluded that the Company has complied with the CG Code and all Directors have fully complied with the Model Code during the Year. The disclosure in this Corporate Governance Report has also been reviewed by the CG Committee.

## AUDITOR'S REMUNERATION

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

During the Year, the fees paid to the Group's external auditors in respect of audit services and non-audit services amounted to HK$855,000 (2014: HK$790,000) and HK$285,000 (2014: HK$270,000) respectively. It should be noted that the non-audit services e.g. review of interim financial statements, results announcements and continuing connected transactions of the Group, provided by the external auditors during the Year were incidental to their audit services.

The statement of the external auditors of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on page 29.

Besides, the Group also paid audit fee of about HK$5,500 to RSM Nelson Wheeler in respect of the statutory audit of an indirect wholly-owned subsidiary of the Company during the Year.

## COMPANY SECRETARY

The Company Secretary, Leung Kai Wai, is responsible for facilitating the Board process, as well as communication among the Board members, with the Shareholders and management of the Company. The Company Secretary is a fellow member of the Association of Chartered Certified Accountants and also a member of the Hong Kong Institute of Certified Public Accountants. He also holds a bachelor's degree in Accountancy. During the Year, the Company Secretary undertook no less than 15 hours of relevant professional training.

# Corporate Governance Report

## SHAREHOLDERS' RIGHTS

### Convening of Extraordinary General Meeting

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

– any two or more members of the Company; or

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

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

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

Pursuant to Article 80(a) of the Articles, an annual general meeting and any EGM called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other EGM shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered at the meeting and in the case of special business (as defined in Article 82) the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the external auditors and to all members other than such as, under the provisions hereof or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company.

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

### Shareholder Communication Policy

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

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

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

# Corporate Governance Report

## INVESTOR RELATIONS

### Constitutional Documents

There was no change in the Company's constitutional documents during the Year.

### General Meetings

A general meeting is an important forum where communications with the Shareholders can be effectively conducted. During the Year, an AGM was held at the principal place of business of the Company on 14 August 2014. All resolutions proposed at the AGM were duly passed. Details of the poll results were posted on the websites of the Stock Exchange and the Company.

## INTERNAL CONTROLS

### Internal Control Review

Due to the fact that the operation of the Group is small and simple, the Board opines that it is not necessary for the Company to have its own internal audit function. Instead, in order to ensure that the Company maintained sound and effective controls to safeguard the Shareholders' investment and the Company's assets, the Company had engaged an audit firm, namely, Lee, Au & Co., Certified Public Accountants to carry out, on annual basis, a review of the Company's internal control system in the areas of: (i) management accounting, financial reporting, treasury, legal and tax compliance and retention of information; (ii) resources management; and (iii) information technology systems for the period from 1 January 2014 to 31 December 2014. An internal control review report was then presented to the management, the Audit Committee and the Board for review and discussion.

Regarding the review, Lee, Au & Co considered the internal control system of the Company were generally effective and adequate during the Year. They have recommended the Company to improve its internal control system by, among other things, keeping a formal review-and-approval documentation in respect of the consolidation worksheets, of which form the basis of the calculation of the Company's NAV and also form part of the contents of the Investment Manager's monthly reports ("Monthly Reports") to the Board. Moreover, physical controls should be strengthened in order to limit the access of the Company's Monthly Reports to authorised personnel only.

The Audit Committee considered that there was no material defect in the Company's internal control review report. After discussion with the Audit Committee, the executive Board and management considered that the recommendations were reasonable and would implement the relevant procedures accordingly.

### Other Internal Policies

Save as disclosed above in this Corporate Governance Report, the Company has also adopted its own internal policies pursuant to the recommended best practices set out in the CG Code:

– "Remuneration Policy" for Directors and Senior Management of the Group.

– "Whistleblowing Policy" which provides a system for employees to raise concerns, in confidence, with the Audit Committee about possible improprieties in financial reporting, internal control system or other matters related to the Group. A copy of this policy is available on the Company's website.

– "Disclosure Policy" which sets out procedures and internal controls for handling and dissemination of inside information.

– "Policy on Acceptance of Advantage and Handling of Conflict of Interest" which sets out the basic standard of conduct expected of all directors and staff, and the Group's policy on acceptance of advantage and handling of conflict of interests when dealing with the Group's business.

# Independent Auditor's Report

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

We have audited the consolidated financial statements of OP Financial Investments Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 30 to 91, which comprise the consolidated and company statement of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the predecessor Hong Kong Companies Ordinance (Cap.32), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the predecessor Hong Kong Companies Ordinance (Cap.32).

**PricewaterhouseCoopers**
*Certified Public Accountants*

Hong Kong, 26 June 2015

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

| | Note | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|---|
| Revenue | 6 | **31,805** | 30,488 |
| Other income | 7 | **637** | 1,820 |
| Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss | | | |
| – Classified as held for trading | | **13,236** | 25,897 |
| – Designated as such upon initial recognition | | **(1,652)** | (9,805) |
| | | **11,584** | 16,092 |
| Net realised gain on redemption of investment funds | | **4,242** | – |
| Realised gain on disposal of subsidiaries | 15 | **–** | 25,248 |
| Realised gain on partial disposal of subsidiaries | 15 | **–** | 21 |
| Realised loss on deemed disposal of an associate | 16 | **–** | (1,426) |
| Impairment losses on available-for-sale financial assets | 17 | **(90,309)** | (3,831) |
| Equity-settled share-based payments | 22 | **(1,142)** | 1,958 |
| Administrative expenses | | **(44,574)** | (43,053) |
| **(Loss)/profit from operations** | | **(87,757)** | 27,317 |
| Share of results of investments accounted for using equity method | 16 | **89,520** | 34,651 |
| **Profit before tax** | | **1,763** | 61,968 |
| Taxation | 9 | **(4,714)** | (14,748) |
| **(Loss)/profit for the Year** | 10 | **(2,951)** | 47,220 |
| **Other comprehensive income** | | | |
| *Items that may be reclassified to profits or loss* | | | |
| Exchange differences | | **(55)** | (1,088) |
| Available-for-sale financial assets: | | | |
| Fair value changes | | **(99,172)** | 133 |
| Impairment losses | 17 | **90,309** | 3,831 |
| Share of other comprehensive income of investments accounted for using equity method | | | |
| Fair value changes of available-for-sale financial assets | | **(2,071)** | 3,642 |
| Exchange differences | | **91** | (78) |
| **Other comprehensive income for the Year, net of tax** | | **(10,898)** | 6,440 |
| **Total comprehensive income for the Year** | | **(13,849)** | 53,660 |
| **Proposed final dividend** | 11 | **–** | 47,070 |
| **(Loss)/earnings per share** | | | |
| **Basic** | 12(a) | **HK$(0.003)** | HK$0.050 |
| **Diluted** | 12(b) | **HK$(0.003)** | HK$0.050 |

The notes on pages 36 to 91 form an integral part of these consolidated financial statements.

# Consolidated Statement of Financial Position

At 31 March 2015

| | Note | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 14 | **26** | 21 |
| Investments accounted for using equity method | 16 | **400,749** | 142,710 |
| Available-for-sale financial assets | 17 | **213,204** | 312,376 |
| Financial assets at fair value through profit or loss | 18 | **11,823** | 16,545 |
| | | **625,802** | 471,652 |
| **Current assets** | | | |
| Financial assets at fair value through profit or loss | 18 | **143,862** | 367,548 |
| Accounts and loans receivable | 19 | **8,399** | 10,264 |
| Interest receivables | | **770** | 731 |
| Prepayments and other receivables | | **369** | 2,895 |
| Bank and cash balances | | **513,375** | 500,132 |
| | | **666,775** | 881,570 |
| **TOTAL ASSETS** | | **1,292,577** | 1,353,222 |
| **Capital and reserves** | | | |
| Share capital | 21 | **94,140** | 94,140 |
| Reserves | 23 | **1,172,716** | 1,185,409 |
| Final dividend | 11 | **–** | 47,070 |
| **TOTAL EQUITY** | | **1,266,856** | 1,326,619 |
| **Current liabilities** | | | |
| Other payables | | **6,329** | 11,925 |
| Tax payables | | **19,392** | 14,678 |
| **TOTAL LIABILITIES** | | **25,721** | 26,603 |
| **TOTAL EQUITY AND LIABILITIES** | | **1,292,577** | 1,353,222 |
| **NET ASSETS** | | **1,266,856** | 1,326,619 |
| **Net asset value per share** | 24 | **HK$1.35** | HK$1.41 |

The notes on pages 36 to 91 form an integral part of these consolidated financial statements.

Approved by the Board of Directors on 26 June 2015

**ZHANG Zhi Ping**
*Director*

**ZHANG Gaobo**
*Director*

# Statement of Financial Position

At 31 March 2015

| | Note | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 14 | **1** | 8 |
| Investments in subsidiaries | 15 | **197,000** | – |
| Amounts due from subsidiaries | 15 | **276,522** | 529,617 |
| Investments accounted for using equity method | 16 | **61,264** | 60,000 |
| Loans receivable | 19 | **–** | – |
| | | **534,787** | 589,625 |
| **Current assets** | | | |
| Financial assets at fair value through profit or loss | 18 | **20,182** | 57,428 |
| Accounts and loans receivable | 19 | **4,502** | 4,500 |
| Interest receivables | | **770** | 731 |
| Prepayments and other receivables | | **131** | 492 |
| Bank and cash balances | | **500,040** | 476,996 |
| | | **525,625** | 540,147 |
| **TOTAL ASSETS** | | **1,060,412** | 1,129,772 |
| **Capital and reserves** | | | |
| Share capital | 21 | **94,140** | 94,140 |
| Reserves | 23 | **963,551** | 985,979 |
| Final dividend | 11 | **–** | 47,070 |
| **TOTAL EQUITY** | | **1,057,691** | 1,127,189 |
| **Current liabilities** | | | |
| Other payables | | **2,721** | 2,583 |
| **TOTAL LIABILITIES** | | **2,721** | 2,583 |
| **TOTAL EQUITY AND LIABILITIES** | | **1,060,412** | 1,129,772 |
| **NET ASSETS** | | **1,057,691** | 1,127,189 |

The notes on pages 36 to 91 form an integral part of these consolidated financial statements.

Approved by the Board of Directors on 26 June 2015

**ZHANG Zhi Ping**
*Director*

**ZHANG Gaobo**
*Director*

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

| | | | | Reserves | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | *Note* | **Share capital** *HK$'000* | **Share Premium** *HK$'000* | **Share-based payment reserve** *HK$'000* | **Investment revaluation reserve** *HK$'000* | **Exchange reserve** *HK$'000* | **Retained profits** *HK$'000* | **Final dividend** *HK$'000* | **Total** *HK$'000* |
| At 1 April 2013 | | 94,140 | 965,683 | 19,742 | 8,555 | 1,130 | 184,411 | – | 1,273,661 |
| Vesting of share options | 22 | – | – | 1,510 | – | – | – | – | 1,510 |
| Share options forfeited | 22 | – | – | (3,468) | – | – | – | – | (3,468) |
| Share of reserve movements of an associate | | – | – | 1,256 | – | – | – | – | 1,256 |
| Total comprehensive income | | – | – | – | 7,606 | (1,166) | 47,220 | – | 53,660 |
| Final dividend | 11 | – | – | – | – | – | (47,070) | 47,070 | – |
| At 31 March 2014 and 1 April 2014 | | 94,140 | 965,683 | 19,040 | 16,161 | (36) | 184,561 | 47,070 | 1,326,619 |
| Vesting of share options | 22 | – | – | 1,142 | – | – | – | – | 1,142 |
| Share options forfeited | 22 | – | – | (1,705) | – | – | 1,705 | – | – |
| Share of reserve movement of an associate | | – | – | 17 | – | – | – | – | 17 |
| Share repurchase | | – | (3) | – | – | – | – | – | (3) |
| Total comprehensive income | | – | – | – | (10,934) | 36 | (2,951) | – | (13,849) |
| Dividend paid | 11 | – | – | – | – | – | – | (47,070) | (47,070) |
| **At 31 March 2015** | | **94,140** | **965,680** | **18,494** | **5,227** | **–** | **183,315** | **–** | **1,266,856** |

The notes on pages 36 to 91 form an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 March 2015

| | 2015<br>HK$'000 | 2014<br>HK$'000 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before tax | 1,763 | 61,968 |
| Adjustments for: | | |
| Dividend income | (9,099) | (8,698) |
| Interest income | (7,181) | (6,286) |
| Exchange differences | 466 | (1,563) |
| Depreciation | 11 | 16 |
| Realised gain on redemption of investment funds | (4,242) | – |
| Gain on disposal of subsidiaries | – | (25,248) |
| Loss on deemed disposal of an associate | – | 1,426 |
| Net change in unrealised gain on financial assets at fair value through profit or loss | (11,584) | (16,092) |
| Impairment losses on available-for-sale financial assets | 90,309 | 3,831 |
| Share of results of investments accounted for using equity method | (89,520) | (34,651) |
| Equity-settled share-based payments | 1,142 | (1,958) |
| Operating loss before working capital changes | (27,935) | (27,255) |
| Net proceeds on disposal of subsidiaries | – | 137,668 |
| Subscription of unlisted investment funds | – | (136,383) |
| Net redemption of investment funds | 253,809 | 1,581 |
| Purchase of available-for-sale financial assets | – | (17,080) |
| Purchase of investment accounted for using equity method | (197,000) | – |
| (Increase)/decrease in accounts and loans receivable | (31) | 40 |
| Decrease/(increase) in prepayments and other receivables | 92 | (1,874) |
| (Decrease)/increase in other payables | (8,596) | 8,871 |
| Cash generated from/(used in) operations | 20,339 | (34,432) |
| Dividend received | 34,643 | 8,947 |
| Interest received | 7,142 | 6,215 |
| Tax paid | – | (70) |
| Net cash generated from/(used in) operating activities | 62,124 | (19,340) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Acquire equity interest of associate | (1,264) | – |
| Purchase of property, plant and equipment | (16) | (15) |
| Loan to an investee | – | (1,895) |
| Net cash used in investing activities | (1,280) | (1,910) |

# Consolidated Statement of Cash Flows

For the year ended 31 March 2015

| | 2015<br>HK$'000 | 2014<br>HK$'000 |
|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Share repurchase | **(4)** | – |
| Dividend paid | **(47,070)** | – |
| Net cash used in financing activities | **(47,074)** | – |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | **13,770** | (21,250) |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** | **500,132** | 520,953 |
| **EXCHANGE (LOSS)/GAIN ON CASH AND CASH EQUIVALENTS** | **(527)** | 429 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | **513,375** | 500,132 |
| **ANALYSIS OF CASH AND CASH EQUIVALENTS** | | |
| Bank and cash balances | **513,375** | 500,132 |

For major non-cash transactions, please refer to note 25.

The notes on pages 36 to 91 form an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 1. GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of its subsidiaries and associates are set out in notes 15 and 16 respectively.

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

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

### (a) New standards, amendments and interpretations adopted by the Group

In the Year, the Company and its subsidiaries (the "Group") have adopted all the relevant new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are currently in issue and effective for its accounting year beginning on 1 April 2014. HKFRSs comprise all applicable individual Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS"), and interpretations. The following new and revised HKFRSs are relevant to the Group's operations. The adoption of these new and revised HKFRSs had no material impact on the Group's results and financial position for the current or prior years, and did not result in any significant changes in the accounting policies of the Group.

- 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 did not have a material impact on the Group's financial position or performance.

- 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 standards, amendments and interpretations which are effective for the Year are not material to the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

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

- HKFRS 9 "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

  Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is assessing the impact of HKFRS 9.

- 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

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

- Amendments to HKFRS 10, HKFRS 12 and HKAS 28 on investment entities: applying the consolidation exception clarifies the application of the consolidation exception for investment entities and their subsidiaries. The amendments to HKFRS 10 clarifies that the exception from preparing consolidated financial statements is available to intermediate parent entities which are subsidiaries of investment entities. The exception is available when the investment entity parent measures its subsidiaries at fair value. The intermediate parent would also need to meet the other criteria for exception listed in HKFRS 10. The amendments also clarifies that an investment entity should consolidate a subsidiary which is not an investment entity and which provides services in support of the investment entity's investment activities, such that it acts as an extension of the investment entity. However, the amendments also confirms that if the subsidiary is itself an investment entity, the investment entity parent should measure its investment in the subsidiary at fair value through profit or loss. This approach is required regardless of whether the subsidiary provides investment-related services to the parent or to third parties. The amendments to HKAS 28 allows an entity which is not an investment entity, but has an interest in an associate or a joint venture which is an investment entity, a relief to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture for their subsidiaries when applying the equity method.

  The standard is effective for annual periods beginning on or after 1 January 2016 and earlier application is permitted. The Group is assessing the impact of amendments to HKFRS 10, HKFRS 12 and HKAS 28.

- Amendments to HKAS 27 on equity method in separate financial statements allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The standard is effective for annual periods beginning on or after 1 January 2016 and earlier application is permitted. The Group is assessing the impact of amendments to HKAS 27.

There are no other HKFRS or HKFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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

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

### (a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2015.

#### (i) Subsidiaries

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Consolidation (continued)

#### (ii) Business combination

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

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the fair value of non-controlling interest and the acquisition-date fair value of any previous equity interest in the acquiree over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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

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

#### (iv) Disposal of subsidiaries

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Consolidation (continued)

#### (v) Associates

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

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

The Group's share of its associate's post-acquisition profit or loss is recognised in profit or loss, and its share of the post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Consolidation (continued)

**(vi) Structured entities**

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has restricted activities and a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity. Consequently, investment funds invested by the Group are considered as "unconsolidated structured entities", as described in note 18(c).

**(vii) Joint arrangements**

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

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

### (b) Segment reporting

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

### (c) Foreign currency translation

**(i) Functional and presentation currency**

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (c) Foreign currency translation (continued)

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

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

**(iii) Group companies**

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

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

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

– All resulting exchange differences are recognised in other comprehensive income.

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

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

### (d) Property, plant and equipment

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

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

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

| | |
|---|---|
| Computer equipment | 25% |
| Office equipment | 25% |
| Furniture | 25% |

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (d) Property, plant and equipment (continued)

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

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

Gains or losses on disposals of property, plant and equipment are the difference between the net sales proceeds and the carrying amount of the relevant assets, and are recognised in profit or loss.

### (e) Impairment of non-financial assets

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

### (f) Financial assets

**(i) Classification**

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

*Financial assets at fair value through profit or loss*

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

*Loans and receivables*

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

*Available-for-sale financial assets*

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (f) Financial assets (continued)

#### (ii) Recognition and measurement

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

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

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

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

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

#### (iii) Offsetting financial instruments

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (f) Financial assets (continued)

#### (iv) Impairment of financial assets

*Assets carried at amortised cost*

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

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

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

*Assets classified as available-for-sale*

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

### (g) Derivative financial instruments

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) Accounts and other receivables

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

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

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

### (i) Cash and cash equivalents

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

### (j) Financial liabilities and equity instruments

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

#### (i) Accounts and other payables

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

#### (ii) Equity instruments

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (k) Revenue recognition

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

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

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

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

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

### (l) Employee benefits

**(i) Employee leave entitlements**

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

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

**(ii) Pension obligations**

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

**(iii) Termination benefits**

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

**(iv) Bonus**

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (m) Share capital and dividend distribution

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

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

### (n) Share-based payments

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

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

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

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

### (o) Current and deferred tax

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

#### (i) Current income tax

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (o) Current and deferred tax (continued)

**(ii) Deferred tax**

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

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

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

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

**(iii) Offsetting**

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

### (p) Operating leases

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (q) Related parties

A party is related to the Group if:

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

(ii) the party is an associate;

(iii) the party is a joint venture;

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

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

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

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

### (r) Provisions and contingent liabilities

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

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

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

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

### (s) Events after the reporting period

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

### (a) Tax

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

### (b) Fair value estimation of financial instruments

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

### (c) Fair value estimation of share options

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

### (d) Assessment of investment entities

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### (e) Impairment of available-for-sale financial assets

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

Impairment may occur when there is objective evidence of deterioration in the financial conditions of the investee industry and sector performance, or changes in operating and financing cash flows. The determination of impairment in this respect also includes significant management judgment.

Management estimates and judgments may change from time to time based upon future events that may or may not occur and changes in these estimates and judgments could adversely affect the carrying amounts of available-for-sale financial assets. Impairment charges on available-for-sale financial assets were HK$90,309,000 and HK$3,831,000 for the years ended 31 March 2015 and 2014 respectively. For additional information, refer to note 17 "available-for-sale financial assets".

## 5. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

| | Group | |
|---|---|---|
| | **2015**<br>**HK$'000** | 2014<br>HK$'000 |
| **Financial assets** | | |
| Available-for-sale financial assets | **213,204** | 312,376 |
| Financial assets at fair value through profit or loss | | |
| Classified as held for trading | **143,862** | 367,548 |
| Designated as such upon initial recognition | **11,823** | 16,545 |
| Loans and receivables | | |
| Accounts, loans receivables and others | **9,538** | 13,890 |
| Bank deposits and cash balances | **513,375** | 500,132 |
| **Financial liabilities** | | |
| Amortised cost | **25,721** | 26,603 |

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 5. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management

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

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

**(i) Foreign currency risk**

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

At 31 March 2015, the Group exposure to foreign currency risk from its bank balances (2014: through unlisted investments funds, bank balances and loan receivable). These investments were denominated in RMB and the maximum exposure to foreign currency risk was RMB691,000, equivalent to HK$864,000 (2014: RMB45,097,000, equivalent to HK$56,383,000).

*Sensitivity analysis*

As at 31 March 2015, if the RMB exchange rate has been 50 basis points higher/lower with all other variables held constant, the loss for the Year would have decreased/increased by approximately HK$4,000 (2014: HK$282,000).

At 31 March 2015, the Group holds certain financial assets which were denominated in USD. The Board is of the opinion that the Group's exposure to USD foreign currency risk is minimal as HKD has been pegged to USD by the Hong Kong's Linked Exchange Rate System.

**(ii) Interest rate risk**

The Group's exposure to interest rate risk arises from its bank deposits and loans receivable (2014: bank deposits and loans receivable). At 31 March 2015, the Group's interest-bearing assets was HK$516,375,000 (2014: HK$503,132,000). A change in interest rate levels within the range foreseen by the directors for the next twelve months could have a material impact on the Group.

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

*Sensitivity analysis*

At 31 March 2015, if the interest rates had been 25 basis points higher/lower with all other variables held constant, loss for the Year would have decreased/increased by approximately HK$1,283,000 (2014: HK$1,250,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 5. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management (continued)

**(iii) Equity price risk**

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

*Sensitivity analysis*

At 31 March 2015, if the price of the Group's financial assets at fair value through profit or loss and the Group's available-for-sale financial assets had been 10% higher/lower with all other variables held constant, the loss for the Year would have decreased/increased by approximately HK$15,569,000 (2014: approximately HK$38,409,000) and the investment revaluation reserve would have increased/decreased by approximately HK$21,320,000 (2014: HK$31,238,000).

**(iv) Credit risk**

At 31 March 2015, the Group's maximum exposure to credit risk in the event of the counterparties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amount of these assets as stated in the consolidated statement of financial position.

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

The Group's credit risk on debt securities held is limited because the management closely monitor the financial position of the underlying companies by regularly reviews their financial and operation results and assess their abilities to fulfill the repayment obligations.

At 31 March 2015, the Group had less concentration of credit risk by geographical location and by customer than the previous year. 42% of its receivables was due from one co-investment partner in the Mainland China (2014: 28% due from one co-investment partner in the Mainland China). The maximum exposure to credit risk on this co-investment partner was HK$3,877,000 (2014: HK$3,868,000). However, the directors consider that the credit risks associated with these counterparties are limited as:

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 5. FINANCIAL INSTRUMENTS (continued)

### (b) Financial risk management (continued)

#### (v) Liquidity risk

Liquidity risk is the risk that the Group cannot meet its current obligations as they fall due. For managing liquidity risk, the Group monitors and maintains a sufficient level of cash and cash equivalents adequate to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The directors review and monitor its working capital requirements regularly. At 31 March 2015, the Group held cash and cash equivalents of HK$513,375,000 (2014: HK$500,132,000) which were considered adequate for working capital management.

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

| | **Less than 1 year** |
|---|---|
| | HK$'000 |
| **At 31 March 2015** | |
| Tax and other payables | 25,721 |
| At 31 March 2014 | |
| Tax and other payables | 26,603 |

### (c) Fair values estimation

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

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

Other unlisted equity investments, unlisted investment funds, unlisted debt instruments and unlisted derivatives are stated at their fair values, which are determined by reference to the valuation in accordance with generally accepted valuation methodologies or the prices quoted by fund administrators.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 5. FINANCIAL INSTRUMENTS (continued)

### (c) Fair values estimation (continued)

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

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

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

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

**Disclosures of level in fair value hierarchy at 31 March 2015**

*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 | 20,182 | – | – | 20,182 |
| Unlisted investment funds | – | 123,680 | 11,823 | 135,503 |
| Available-for-sale financial assets | | | | |
| Listed securities | 11,229 | – | – | 11,229 |
| Unlisted equity investments | – | – | 201,975 | 201,975 |
| Total | 31,411 | 123,680 | 213,798 | 368,889 |

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

| | Year ended 31 March 2015 | | |
|---|---|---|---|
| | Financial assets at fair value through profit or loss | Available-for-sale financial assets | |
| Description | Unlisted investment HK$'000 | Unlisted equity investments HK$'000 | Total HK$'000 |
| At the beginning of the Year | 16,545 | 295,730 | 312,275 |
| Total gains or losses recognised | | | |
| – in profit or loss (#) | (1,652) | – | (1,652) |
| – in other comprehensive income | – | (93,755) | (93,755) |
| Distributions | (3,070) | – | (3,070) |
| At the end of the Year | 11,823 | 201,975 | 213,798 |
| (#) Total gains or losses included in profit or loss that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of reporting period | (1,652) | – | (1,652) |

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 5. FINANCIAL INSTRUMENTS (continued)

### (c) Fair values estimation (continued)

**Disclosures of level in fair value hierarchy at 31 March 2014**

*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 |
| Total | 23,464 | 360,730 | 312,275 | 696,469 |

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

| | Year ended 31 March 2014 | | | | |
|---|---|---|---|---|---|
| | Financial assets at fair value through profit or loss | | | Available-for-sale financial assets | |
| Description | Unlisted equity investments HK$'000 | Unlisted investment HK$'000 | Debt investments, with interest receivable HK$'000 | Unlisted equity investments HK$'000 | Total HK$'000 |
| At the beginning of the Year | 116,972 | – | 10,861 | 274,554 | 402,387 |
| Total gains or losses recognised | | | | | |
| – in profit or loss (#) | 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 |
| Disposals/distributions | (138,852) | (2,361) | – | – | (141,213) |
| At the end of the Year | – | 16,545 | – | 295,730 | 312,275 |
| (#) Total gains or losses included in profit or loss that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of reporting period | – | 4,124 | (10,561) | – | (6,437) |

\# For financial asset at fair value through profit or loss, the total gains or losses recognised, including those for assets held at the end of reporting period, are presented in profit or loss in "net change in unrealised 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 Year".

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 5. FINANCIAL INSTRUMENTS (continued)

### (c) Fair values estimation (continued)

The consolidated financial statements include holdings in unlisted financial instruments which are measured at fair value (note 17 and note 18). Fair value is estimated using generally accepted pricing models, which included some assumptions that are not supportable by observable market rates. In determining the fair value, certain unobservable inputs and a risk adjusted discount factor were used.

| Description | Fair value at 31 March 2015 HK$'000 | Valuation techniques | Unobservable inputs | Range of unobservable inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|
| ***Available-for-sale financial assets*** | | | | | |
| OPIM and OPIMC (non-voting preference shares) | 8,039 | Discounted cash flow | Discount rate | 17.59% | Higher the discount rate, lower the fair value |
| | | | Growth rate/ long term growth rate | 9.32%/3.04% | Higher the growth rate, higher the fair value |
| Thrive World Limited (equity interest) | 162,062 | Discounted cash flow | Discount rate | 15.45% | Higher the discount rate, lower the fair value |
| | | | Forecast oil price | US$62.8 to US$75 per barrel for 2015 to 2018 | Higher the oil price, higher the fair value |
| Jin Dou Development Fund, L.P. (partnership interest) | 6,295 | Share of net assets | N/A | N/A | N/A |
| Dance Biopharm Inc. (equity interest) | 25,579 | Latest transacted price, adjusted by share of expenses | N/A | N/A | N/A |
| ***Financial assets at fair value through profit or loss*** | | | | | |
| Real Estate Opportunity Capital Fund (partnership interest) | 11,823 | Share of net assets | N/A | N/A | N/A |

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 5. FINANCIAL INSTRUMENTS (continued)

### (c) Fair values estimation (continued)

| Description | Fair value at 31 March 2014 HK$'000 | Valuation techniques | Unobservable inputs | Range of unobservable inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|
| ***Available-for-sale financial assets*** | | | | | |
| OPIM and OPIMC (non-voting preference shares) | 46,469 | Discounted cash flow | Discount rate | 18.20% | Higher the discount rate, lower the fair value |
| | | | Growth rate/ long-term growth rate | 7.25%/3% | Higher the growth rate, higher the fair value |
| Thrive World Limited (equity interest) | 202,089 | Discounted cash flow | Discount rate | 14.23% | Higher the discount rate, lower the fair value |
| | | | Forecasted oil price | US$100.5 to US$105 per barrel for 2014 to 2017 | Higher the oil price, higher the fair value |
| Jin Dou Development Fund, 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 |
| ***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 |

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 Consolidated Financial Statements

For the year ended 31 March 2015

## 6. REVENUE

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

| | 2015<br>HK$'000 | 2014<br>HK$'000 |
|---|---|---|
| Dividend income from unlisted investments | 9,099 | 8,698 |
| Performance premium from co-investment partner | 15,525 | 15,504 |
| Interest income | 7,181 | 6,286 |
| | 31,805 | 30,488 |

## 7. OTHER INCOME

| | 2015<br>HK$'000 | 2014<br>HK$'000 |
|---|---|---|
| Exchange gains | – | 1,563 |
| Sundry income | 637 | 257 |
| | 637 | 1,820 |

## 8. SEGMENT INFORMATION

The chief operating decision maker has been identified as the Board. The Board assesses the operating segments using a measure of operating profit. The Group's measurement policies for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements.

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

### Geographical information:

| | 2015<br>HK$'000 | 2014<br>HK$'000 |
|---|---|---|
| **Revenue** | | |
| Hong Kong | 15,204 | 6,149 |
| Mainland China | 15,675 | 23,559 |
| Other countries | 926 | 780 |
| | 31,805 | 30,488 |

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 8. SEGMENT INFORMATION (continued)

### Non-current assets other than financial instruments

| | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|
| Hong Kong | 178,617 | 142,731 |

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

During the Year, performance premium received from one of the Group's unlisted investments and dividend income received from one of the Group's unlisted investments which individually accounted for 10% or more of the Group's total revenue amounted to approximately HK$15,525,000 and HK$7,674,000 respectively (2014: performance premium received from one of the Group's unlisted investments and dividend income received from one of the Group's unlisted investments which individually accounted for 10% or more of the Group's total revenue amounted to approximately HK$15,504,000 and HK$6,605,000 respectively).

During the Year, performance premium received from one of the Group's co-investment partners (2014: performance premium and dividend income received from one of the Group's co-investment partners) which accounted for 10% or more of the Group's total revenue amounted to approximately HK$15,525,000 (2014: HK$22,110,000).

## 9. TAXATION

### Hong Kong

(a) Hong Kong Profits Tax has been provided at a rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the Year. Taxation on overseas profit has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in that overseas country.

| | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|
| Hong Kong Profits Tax | 4,714 | – |
| Overseas tax | – | 14,678 |
| Under-provision of Hong Kong Profits Tax for previous year | – | 70 |
| | 4,714 | 14,748 |

The overseas tax amount represents applicable PRC tax provided at rates prevailing jurisdiction.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 9. TAXATION (continued)

### Hong Kong (continued)

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

| | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|
| Profit before tax | 1,763 | 61,968 |
| Tax calculated at domestic tax rates applicable to profits in the respective countries | 291 | 15,728 |
| Tax effect of income that is not taxable | (20,042) | (5,357) |
| Tax effect of expenses that are not deductible | 18,876 | 4,930 |
| Tax effect of deemed taxable profits | 4,994 | – |
| Tax effect of temporary differences not recognised | (2) | (1) |
| Tax effect of tax losses not recognised | 727 | 572 |
| Tax effect of utilisation of tax losses not previously recognised | (130) | (1,194) |
| Under-provision of tax in previous year | – | 70 |
| Income tax | 4,714 | 14,748 |

## 10. LOSS/PROFIT FOR THE YEAR

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

| | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|
| Auditor's remuneration | | |
| – Audit | 861 | 1,040 |
| – Others | 285 | 281 |
| | 1,146 | 1,321 |
| Depreciation | 11 | 16 |
| Investment management fee | 19,557 | 19,800 |
| Operating lease payments in respect of office premises | 2,893 | 2,539 |
| Staff costs (including directors' emoluments) | | |
| Salaries and other benefits | 17,719 | 16,623 |
| Retirement benefits scheme contributions | 227 | 206 |
| Equity-settled share-based compensation | 1,142 | 1,510 |
| | 19,088 | 18,339 |

(b) The loss for the Year dealt with in the financial statements of the Company was approximately HK$23,567,000 (2014: profit of HK$162,466,000) (note 23).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 11. DIVIDENDS

The Board do not recommend payment of any dividend for the Year.

On 14 August 2014, the Board has resolved to pay an interim dividend of HK$0.05 per ordinary share for the year ended 31 March 2014. The total interim dividend of HK$47,069,800 was paid on 28 August 2014.

## 12. LOSS/EARNINGS PER SHARE

### (a) Basic loss/earnings per share

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

| | 2015 | 2014 |
|---|---|---|
| (Loss)/profit for the Year (HK$'000) | (2,951) | 47,220 |
| Weighted average number of ordinary shares in issue (in thousand) | 941,397 | 941,400 |
| Basic (loss)/earnings per share | HK$(0.003) | HK$0.050 |

### (b) Diluted loss/earnings per share

Diluted loss/earnings per share for both years were the same as the basic loss/earnings per share as the Company's outstanding share options had no dilutive effect for both years.

## 13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

### (a) Directors' emoluments

The emoluments paid or payable to directors of the Company during the Year were as follows:

| Name of director | Fees HK$'000 | Salaries and other benefits HK$'000 | Retirement benefits scheme contributions HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| *Executive directors* | | | | |
| ZHANG Zhi Ping | – | 130 | 7 | 137 |
| ZHANG Gaobo | – | 130 | 6 | 136 |
| *Independent non-executive directors* | | | | |
| KWONG Che Keung, Gordon | 250 | – | – | 250 |
| HE Jia | 250 | – | – | 250 |
| WANG Xiaojun | 250 | – | – | 250 |
| | 750 | 260 | 13 | 1,023 |

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

### (a) Directors' emoluments (continued)

The emoluments paid or payable to directors of the Company during the year ended 31 March 2014 were as follows:

| Name of director | Fees HK$'000 | Salaries and other benefits HK$'000 | Retirement benefits scheme contributions HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| *Executive directors* | | | | |
| ZHANG Zhi Ping | – | 130 | 6 | 136 |
| ZHANG Gaobo | – | 130 | 7 | 137 |
| *Independent non-executive directors* | | | | |
| KWONG Che Keung, Gordon | 250 | – | – | 250 |
| HE Jia | 250 | – | – | 250 |
| WANG Xiaojun | 250 | – | – | 250 |
| | 750 | 260 | 13 | 1,023 |

The emoluments of the directors fell within the following bands:

| | **2015 Number of directors** | 2014 Number of directors |
|---|---|---|
| HK$Nil – HK$1,000,000 | **5** | 5 |

### (b) Senior management's emoluments

Of the five individuals whose emoluments were the highest in the Group for the Year, none of them (2014: 0) was a director. The emoluments of the 5 highest paid individuals (2014: 5) are as follows:

| | **2015 HK$'000** | 2014 HK$'000 |
|---|---|---|
| Salaries and other benefits | **8,022** | 10,448 |
| Retirement benefits scheme contributions | **87** | 71 |
| Discretionary bonuses | **4,880** | 1,750 |
| | **12,989** | 12,269 |

During the year ended 31 March 2015 and 31 March 2014, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

### (b) Senior management's emoluments (continued)

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

| | **2015 Number of individuals** | 2014 Number of individuals |
|---|---|---|
| HK$Nil – HK$1,000,000 | **1** | 1 |
| HK$1,000,001 – HK$1,500,000 | **1** | 1 |
| HK$1,500,001 – HK$2,000,000 | **–** | 1 |
| HK$2,000,001 – HK$2,500,000 | **–** | – |
| HK$2,500,001 – HK$3,000,000 | **1** | – |
| HK$3,000,001 – HK$3,500,000 | **–** | – |
| HK$3,500,001 – HK$4,000,000 | **1** | 1 |
| HK$4,000,001 – HK$4,500,000 | **1** | 1 |

## 14. PROPERTY, PLANT AND EQUIPMENT

### Group

| | **Computer equipment** HK$'000 | **Office equipment** HK$'000 | **Furniture** HK$'000 | **Total** HK$'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2013 | 67 | 11 | 72 | 150 |
| Additions | 15 | – | – | 15 |
| At 31 March 2014 | 82 | 11 | 72 | 165 |
| Additions | 12 | – | 4 | 16 |
| At 31 March 2015 | 94 | 11 | 76 | 181 |
| **Accumulated depreciation** | | | | |
| At 1 April 2013 | 50 | 8 | 70 | 128 |
| Charge for the year | 12 | 2 | 2 | 16 |
| At 31 March 2014 | 62 | 10 | 72 | 144 |
| Charge for the year | 9 | 1 | 1 | 11 |
| At 31 March 2015 | 71 | 11 | 73 | 155 |
| **Carrying amount** | | | | |
| **At 31 March 2015** | **23** | **–** | **3** | **26** |
| At 31 March 2014 | 20 | 1 | – | 21 |

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 14. PROPERTY, PLANT AND EQUIPMENT (continued)

### Company

| | Computer equipment HK$'000 | Office equipment HK$'000 | Furniture HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2013 | 67 | 11 | 72 | 150 |
| At 31 March 2014 | 67 | 11 | 72 | 150 |
| At 31 March 2015 | 67 | 11 | 72 | 150 |
| **Accumulated depreciation** | | | | |
| At 1 April 2013 | 50 | 8 | 70 | 128 |
| Charge for the year | 10 | 2 | 2 | 14 |
| At 31 March 2014 | 60 | 10 | 72 | 142 |
| Charge for the year | 6 | 1 | – | 7 |
| At 31 March 2015 | 66 | 11 | 72 | 149 |
| **Carrying amount** | | | | |
| **At 31 March 2015** | **1** | **–** | **–** | **1** |
| At 31 March 2014 | 7 | 1 | – | 8 |

## 15. INVESTMENTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2015 HK$'000** | 2014 HK$'000 |
| Unlisted shares, at cost | **197,000** | – |
| Amounts due from subsidiaries | **276,522** | 529,617 |

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

Details of the principal subsidiaries at 31 March 2015 are as follows:

| Name of subsidiary | Place of incorporation and operation | Issued and paid up capital | Effective interest held | Principal activity |
|---|---|---|---|---|
| Golden Investor Investments Limited | British Virgin Islands | US$2 | 100% | Investment holding |
| OP Capital Investments Limited | Hong Kong | HK$1 | 100% | Investment holding |
| OPFI (GP1) Limited | Cayman Islands | US$1 | 100% | Investment holding |
| OPFI GP(2) Limited | Cayman Islands | Ordinary share: HK$0.1 | 100% | Investment holding |
| | | Non-voting preference share: HK$200,000,000 | 98.5% | |
| OP Investment Service Limited | Hong Kong | HK$1 | 100% | Management service |
| Panlink Investments Limited | British Virgin Islands | US$1 | 100% | Investment holding |
| Profit Raider Investments Limited | British Virgin Islands | US$1 | 100% | Investment holding |
| Prosper Gain Holdings Limited | British Virgin Islands | US$1 | 100% | Investment holding |
| River King Investments Limited | British Virgin Islands | US$1 | 100% | Investment holding |
| Suremind Investments Limited | British Virgin Islands | US$1 | 100% | Investment holding |
| Apex Ridge Limited | British Virgin Islands | US$1 | 100%* | Investment holding |
| Keynew Investments Limited | British Virgin Islands | US$1 | 100%* | Investment holding |
| OP Golden Valley Investments Limited | British Virgin Islands | US$30 | 100%* | Investment holding |
| OP Golden Valley Investments (HK) Limited | Hong Kong | HK$1 | 100%* | Investment holding |
| Wisland Investments Limited | British Virgin Islands | US$1 | 100%* | Investment holding |

* Shares held indirectly by the Company

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

Details of the principal subsidiaries at 31 March 2014 are as follows:

| Name of subsidiary | Place of incorporation and operation | Issued and paid up capital | Effective interest held | Principal activity |
|---|---|---|---|---|
| Golden Investor Investments Limited | British Virgin Islands | US$2 | 100% | Investment holding |
| OP Capital Investments Limited | Hong Kong | HK$1 | 100% | Investment holding |
| OPFI (GP1) Limited | Cayman Islands | US$1 | 100% | Investment holding |
| OP Investment Service Limited | Hong Kong | HK$1 | 100% | Management service |
| Panlink Investments Limited | British Virgin Islands | US$1 | 100% | Investment holding |
| Profit Raider Investments Limited | British Virgin Islands | US$1 | 100% | Investment holding |
| Prosper Gain Holdings Limited | British Virgin Islands | US$1 | 100% | Investment holding |
| River King Investments Limited | British Virgin Islands | US$1 | 100% | Investment holding |
| Sunshine Prosper Limited | British Virgin Islands | US$1 | 100% | Investment holding |
| Suremind Investments Limited | British Virgin Islands | US$1 | 100% | Investment holding |
| Crown Honor Holdings Limited | British Virgin Islands | US$100,000 | 100%* | Investment holding |
| Keynew Investments Limited | British Virgin Islands | US$1 | 100%* | Investment holding |
| Wisland Investments Limited | British Virgin Islands | US$1 | 100%* | Investment holding |

* Shares held indirectly by the Company

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

### Investment in OPFI GP(2) Limited

On 9 January 2015, OPFI GP(2) Limited was incorporated for the purpose of investing in the special situation assets, Zhonghui Plaza. The investment took the form of a partnership interest in which OPFI GP(2) Limited acted as the general partner and contributed HK$200,000,000, or 50% of the required capital for the partnership, Grand Central Tian Di, L.P.. To finance this, OPFI GP(2) Limited issued 200,000,000 non-voting preference shares which the holders of preference shares are entitled to net assets of OPFI GP(2) Limited available for distribution by way of dividend. The Company subscribed 197,000,000 preference shares accordingly.

### Disposal of Glory Yield

On 11 February 2014, the Group entered into an agreement with buyers to dispose of (i) its 100% interests in a wholly-owned subsidiary, Glory Yield Holdings Limited ("Glory Yield"), including the subsidiaries held by Glory Yield (together referred to as the "Glory Yield Group"); and (ii) the Group's loan to Glory Yield of HK$56,817,000, at a total consideration of HK$203,600,000. The transaction was completed on 18 March 2014. A realised gain of HK$25,248,000 is recognised in profit or loss from the disposal of the Glory Yield Group. Details of the disposal are as follows:

| | HK$'000 |
|---|---|
| *Net assets of Glory Yield Group at disposal* | |
| Unlisted equity investment, classified as financial assets at fair value through profit or loss | 134,344 |
| Bank and cash balances | 51,332 |
| Other assets | 281 |
| Shareholder's loan | (56,817) |
| Other liabilities | (1,465) |
| | 127,675 |
| *Realised gain on disposal represented by:* | |
| Current year gain on disposal | 21,880 |
| Unrealised gain recognised in previous years | 3,368 |
| | 25,248 |
| *Net cash inflow arising on disposal:* | |
| Cash consideration | 203,600 |
| Costs directly attributable to the disposal | (14,600) |
| Cash and cash equivalent balances disposed | (51,332) |
| | 137,668 |

### Partial disposal of Valueworth

On 6 May 2013, the Group disposed 92% of its wholly-owned subsidiary, Valueworth Ventures Limited ("Valueworth"), including the subsidiary held by Valueworth (together as the "Valueworth Group"), through an allotment of new shares by Valueworth to the Group and other buyers. A gain of HK$21,000 is recognised in profit or loss from this partial disposal.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

| | Group 2015 HK$'000 | Company 2015 HK$'000 | Group 2014 HK$'000 | Company 2014 HK$'000 |
|---|---|---|---|---|
| Associates | 178,591 | 61,264 | 142,710 | 60,000 |
| Joint venture | 222,158 | – | – | – |
| | 400,749 | 61,264 | 142,710 | 60,000 |

Details of the investments at 31 March 2015 are as follows:

| Name of entity | Business structure | Place of incorporation and operation | Particular of interest held | Percentage of interest | Principal activity | Cost HK$'000 | Carrying amount HK$'000 | Net assets attributable to the Group HK$'000 |
|---|---|---|---|---|---|---|---|---|
| **Associates** | | | | | | | | |
| CSOP Asset Management Limited ("CSOP") | Corporate | Hong Kong | 60,800,000 (2014: 60,000,000) ordinary shares of HK$1 each | 24% (Note 1) (2014: 23.68%) | Asset management and investment holding | 61,264 (2014: 60,000) | 166,278 (2014: 136,778) | 166,278 (2014: 136,778) |
| Guotai Junan Fund Management Limited ("Guotai Junan") | Corporate | Hong Kong | 2,990,000 ordinary shares of HK$1 each | 29.9% (2014: 29.9%) | Asset management and trading in securities | 2,990 (2014:2,990) | 6,054 (2014: 4,877) | 6,054 (2014: 4,877) |
| OP Investment Management Limited ("OPIM") | Corporate | Hong Kong | 1,464,300 ordinary shares of HK$1 each | 30% (Note 2) (2014: 30%) | Asset management | 1,464 (2014:1,464) | 995 (2014: 1,050) | 995 (2014: 502) |
| OP Investment Management (Cayman) Limited ("OPIMC") | Corporate | Cayman Islands | 600 ordinary shares of US$1 each | 30% (Note 2) (2014: 30%) | Asset management | 5 (2014:5) | 5 (2014:5) | 5 (2014:5) |
| Prodirect Investments Limited ("PIL") | Corporate | British Virgin Islands | 3 ordinary shares of US$1 each | 30% (2014: 30%) | Investment holding | – (2014: –) | – (2014: –) | – (2014: –) |
| Harmony Plus Holdings Limited ("Harmony Plus") | Corporate | British Virgin Islands | 280 ordinary shares of US$1 each | 20% (Note 4) (2014: –) | Dormant | 2,184 (2014: –) | 2,184 (2014: –) | 2,184 (2014: –) |
| Miran Capital Management Limited ("MCM") | Corporate | Cayman Islands | 29 ordinary shares of US$0.01 each | 29% (Note 5) (2014: –) | Asset management | – (2014: –) | 3,075 (2014: –) | 3,075 (2014: –) |
| South South Green Energy Limited ("SSGE") | Corporate | Hong Kong | 3 ordinary shares of HK$1 each | 30% (Note 6) (2014: –) | Dormant | – (2014: –) | – (2014: –) | – (2014: –) |
| **Joint venture** | | | | | | | | |
| Grand Central Tian Di, L.P. ("Grand Central") | Limited partnership | Cayman Islands | HK$200,000,000 contribution (2014: –) | 50% (Note 3) (2014: –) | Investment holding | 200,000 (2014: –) | 222,158 (2014: –) | 222,158 (2014: –) |

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

Notes:

1 In June 2014, The Company purchased additional 800,000 ordinary shares of CSOP at a consideration of HK$1,264,000, and increased the shareholding from 23.68% to 24%.

In August 2013, CSOP issued additional 13,333,333 ordinary shares to its employees, which further diluted the Group's equity interest in CSOP from 25% to 23.68%. The Group recognised a loss of HK$1,426,000 from this deemed disposal of interest in CSOP.

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

3 In January 2015, the Company through a subsidiary, OPFI GP(2) Limited, formed a partnership namely Grand Central Tian Di, L.P. ("Grand Central") with a co-investment partner, for the purpose of financing a special situation asset. OPFI GP(2) Limited contributed 50% of partnership interest of Grand Central.

The special situation asset is an interim financing arrangement for the purchase of a commercial property known as Zhonghui Plaza, which is located in the prime commercial district on East Second Ring Road, Beijing PRC. The total investment amount by Grand Central is HK$400 million. OPFI GP(2) Limited contributed 50%, i.e. HK$200 million. OPFI GP(2) Limited finance this contribution amount by issuing 200 million non-voting preference shares of HK$1 each. The Company subscribed 197 million and the remaining 3 million preference shares were subscribed by an independent investor.

As part of the financing arrangements, the ownership of underlying special purpose vehicles ("SPVs") for the purchase of Zhonghui Plaza was transferred to Grand Central, while Grand Central has granted a call option to the parent company of the developer of Zhonghui Plaza to buy back SPVs and to settle the financing amount before 4 December 2015, the expiration of the special situation investment. The consideration was set at (i) HK$520 million if the call is exercised before 30 March 2015; (ii) HK$560 million if the call is exercised before 30 June 2015; and (iii) HK$640 million if the call is exercised before 4 December 2015. On the other hand, the parent company of the developer of Zhonghui Plaza also granted a put option to Grand Central under the same terms, except that the last exercise date of the put option is set at 31 December 2015. As at 31 March 2015, both options were not exercised.

The value of the special situation asset held by Grand Central is determined by the Directors as the present value of the expected call option exercise price based on the information available as at 31 March 2015. The discounted rate applied is 48.76%. The Group recognised the value of interest in Grand Central by equity method.

4 On 30 September 2014, the Group subscribed 20% ordinary shares of Harmony Plus for HK$2,184,000.

5 On 15 July 2014, the Group subscribed 29% ordinary shares of MCM for US$0.29. The associate is the investment manager of Miran Multi-Strategy Fund.

6 On 3 September 2014, the Group subscribed 30% ordinary shares of SSGE for HK$3.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

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

| Associates | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|
| At 31 March | | |
| Total current assets | 934,939 | 721,553 |
| Total non-current assets | 5,539 | 5,053 |
| Total current liabilities | (196,063) | (122,907) |
| Total non-current liabilities | – | – |
| Net assets | 744,415 | 603,699 |
| Group's share of investments' net assets | 178,591 | 142,710 |
| Year ended 31 March | | |
| Total revenue | 562,619 | 375,686 |
| Total profits for the Year | 245,930 | 145,408 |
| Other comprehensive income of the Year | (5,105) | 1,402 |
| Total comprehensive income of the Year | 240,825 | 146,810 |
| Group's share of investments' profits for the Year | 67,362 | 34,651 |
| Group's share of investments' other comprehensive income for the Year | (1,980) | 3,564 |

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

| Joint venture | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|
| At 31 March | | |
| Total current assets | 444,316 | – |
| Total non-current assets | – | – |
| Total current liabilities | – | – |
| Total non-current liabilities | – | – |
| Net assets | 444,316 | – |
| Group's share of investments' net assets | 222,158 | – |
| Year ended 31 March | | |
| Total revenue | 44,316 | – |
| Total profits for the Year | 44,316 | – |
| Other comprehensive income of the Year | – | – |
| Total comprehensive income of the Year | 44,316 | – |
| Group's share of investments' profits for the Year | 22,158 | – |
| Group's share of investments' other comprehensive income for the Year | – | – |

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | Group 2015 HK$'000 | Company 2015 HK$'000 | Group 2014 HK$'000 | Company 2014 HK$'000 |
|---|---|---|---|---|
| Listed equity securities, at fair value | 11,229 | – | 16,646 | – |
| Unlisted equity securities, at fair value | 201,975 | – | 295,730 | – |
| | 213,204 | – | 312,376 | – |

Details of the Group's available-for-sale financial assets at 31 March 2015 and 2014 are as follows:

### Listed equity securities

| | Name of investee | Place of incorporation | Particular of issued shares held | Proportion of investee's capital owned | Cost HK$'000 | Carrying amount HK$'000 | FV Change during the Year HK$'000 | Percentage of total assets of the Group |
|---|---|---|---|---|---|---|---|---|
| (a) | Kaisun Energy Group Limited ("Kaisun Energy") | Cayman Islands | 132,110,000 (2014: 132,110,000) ordinary shares of HK$0.01 each | 5.0% (2014: 5.0%) | 133,745 (2014: 133,745) | 11,229 (2014:16,646) | (5,417) (2014: (3,963)) | 0.87% (2014: 1.23%) |

### Unlisted equity securities

| | Name of investee | Place of incorporation | Particular of issued shares held | Proportion of investee's capital owned | Cost HK$'000 | Carrying amount# HK$'000 | FV Change during the Year HK$'000 | Percentage of total assets of the Group |
|---|---|---|---|---|---|---|---|---|
| (b) | OPIM/PIMC | Hong Kong/ Cayman Islands | 1,000/100 (2014: 1,000/100) non-voting preference shares of HK$1 each/ US$1 each | 100% (2014: 100%) | 22,345 (2014:22,345) | 8,039 (2014: 46,469) | (38,430) (2014: 21,430) | 0.62% (2014: 3.43%) |
| (c) | Thrive World Limited ("TWL") | British Virgin Islands | 10 (2014: 10) ordinary shares of USD1 each | 10% (2014: 10%) | 232,648 (2014: 232,648) | 162,062 (2014: 202,089) | (40,027) (2014: 40,501) | 12.54% (2014: 14.93%) |
| (d) | Jin Dou Development Fund, L.P. ("Jin Dou") | Cayman Islands | US$1,500,000 (2014: US$1,500,000) contribution | 1.48% (2014: 1.48%) | 11,653 (2014: 11,653) | 6,295 (2014: 6,816) | (521) (2014: (109)) | 0.49% (2014: 0.50%) |
| (e) | Dance Biopharm Inc ("Dance") | Delaware, USA | 1,206,142 (2014: 1,206,142) preference shares of USD0.0001 each | 5.99% (2014: 5.99%) | 17,080 (2014: 17,080) | 25,579 (2014: 32,749) | (7,170) (2014: 15,669) | 1.98% (2014: 2.42%) |
| (f) | Valueworth Ventures Limited ("Valueworth") | British Virgin Islands | 8 (2014: 8) ordinary shares of US$1 each | 8% (2014: 8%) | < 1 | < 1 (2014: 7,607) | (7,607) (2014: 7,607) | 0.00% (2014: 0.56%) |

# The carrying amounts also represent their fair values.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

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

(a) The Company through a subsidiary, Profit Raider Investments Limited, holds 132,110,000 (2014: 132,110,000) ordinary shares issued by Kaisun Energy, a limited company incorporated in the Cayman Islands with its shares listed on the Growth Enterprise Market of the Stock Exchange. Kaisun Energy is principally engaged in the exploitation and sale of raw coal. No dividend has been received for both years. The latest audited loss attributable to shareholders of Kaisun Energy for its year ended 31 December 2014 was approximately HK$201,452,000 (2014: loss of HK$167,936,000) and the audited net assets attributable to shareholders of Kaisun Energy at 31 December 2014 was approximately HK$279,186,000 (2014: HK$477,799,000). The fair value of the investment in Kaisun Energy ordinary shares is based on quoted market price at the year-end date.

Impairment loss on the Group's investment in the ordinary shares of Kaisun Energy of HK$5,417,000 was charged to the profit or loss for the Year (2014: HK$3,831,000).

(b) The Company through a subsidiary, Suremind Investments Limited, holds 100% of the non-voting preference shares of OPIM and OPIMC. No dividend has been received for both years. The unaudited result for the 12-months ended 31 March 2015 of OPIM was approximately loss of HK$192,000 (2014: profit of HK$2,106,000) and the unaudited result for the 12-months ended 31 March 2015 of OPIMC was approximately loss of HK$604,000 (2014: profit of HK$2,857,000). The unaudited net asset value of OPIM at 31 March 2015 was approximately HK$3,318,000 (2014: HK$3,504,000) and the unaudited net asset value of OPIMC at 31 March 2015 was approximately HK$6,503,000 (2014: HK$6,378,000). The fair value of 100% non-voting preference shares in OPIM and OPIMC at 31 March 2015 was determined by the directors by reference to the valuation carried out by an external independent valuer by using the Discounted Cash Flow Method which is based on the cash flow projections prepared by the management of OPIM derived from the most recent approved financial budgets for the next 5.75 years (2014: 17.75 years). The discount rate used is 17.59% (2014: 18.20%) and cash flows beyond 5.75-year period (2014: 17.75 year) are extrapolated using a growth rate of 3.04% (2014: 3%).

Impairment loss on the Group's investment in the non-voting preference shares of OPIM and OPIMC of HK$14,306,000 was charged to the profit or loss for the Year (2014: nil).

(c) The Company through a subsidiary, Wisland Investments Limited, holds 10% ordinary shares in TWL. TWL, an investment holding company, holds 50% equity interests in Nobel Holdings Investment Limited ("NHIL"). NHIL is in the business of exploration and production of oil and natural gas in Russia. No dividend was received during the Year (2014: dividend of US$852,000). The fair value of the investment in TWL is determined by the directors mainly based on the fair value of the underlying assets held by TWL, determined by reference to the valuation carried out by an external independent valuer by Discounted Cash Flow Method which is based on a technical report issued by an international oil and gas consulting firm appointed by the management of NHIL in respect of the estimated oil reserves for the next 18.75 years (2014: 18.75 years). The discount rate used is 15.45% (2014: 14.23%).

Impairment loss on the Group's investment in TWL of HK$70,586,000 was charged to the profit or loss for the Year (2014: nil).

(d) The Company through a subsidiary, OPFI(GP1) Limited, contributed US$1,500,000 (2014: US$1,500,000) to Jin Dou, a partnership with a co-investment partner, for the purpose of exploring agricultural investment opportunities in Kazakhstan. As at 31 March 2015, the Group's share of interest in Jin Dou is 1.48% (2014: 1.48%). Based on the latest 31 March 2015 unaudited management account of Jin Dou, the Group shared loss for the Year and net assets of approximately HK$521,000 and HK$6,295,000 respectively (2014: HK$109,000 and HK$6,816,000 respectively). As the project is still in exploring stage and the future income streams are uncertain, the fair value of the investment was determined by reference to the net asset value as at 31 March 2015.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

(e) 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. As at 31 March 2014, the Board considered that the latest transaction price in December 2013 represented the best estimated fair value of the preference shares of Dance. As at 31 March 2015, the project company was still in research and development stage and the projected income streams are conditional upon certain future events. The Board considered the best estimated fair value was by recognising the shared results of the project company on the current carrying value, as determined based on last transacted price of the preference share of Dance in December 2013, and adjusted by the share of results since then.

(f) On 11 April 2013, Valueworth increased its capital base 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 Valueworth was reduced from 100% to 8%. A gain on partial disposal of Valueworth of approximately HK$21,000 was recognised in profit or loss during the year ended 31 March 2014.

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

On 2 September 2014, Valueworth 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" as at the balance sheet date.

## 18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | **Group 2015 HK$'000** | **Company 2015 HK$'000** | Group 2014 HK$'000 | Company 2014 HK$'000 |
|---|---|---|---|---|
| Equity securities listed in Hong Kong | **20,182** | **20,182** | 6,818 | 6,818 |
| Unlisted investment funds | **135,503** | **–** | 377,275 | 50,610 |
| | **155,685** | **20,182** | 384,093 | 57,428 |
| Analyzed as: | | | | |
| Current assets | **143,862** | **20,182** | 367,548 | 57,428 |
| Non-current assets | **11,823** | **–** | 16,545 | – |
| | **155,685** | **20,182** | 384,093 | 57,428 |

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

During the Year, net changed in unrealised gain of approximately HK$11,584,000 (2014: HK$16,092,000) arising from changes in fair value of financial assets at fair value through profit or loss was recognised in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

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

**At 31 March 2015**

### Equity securities listed on the Stock Exchange

| Name of investee | Place of incorporation | Particular of issued shares held | Proportion of investee's capital owned | Cost HK$'000 | Carrying amount HK$'000 | Unrealised gain/(loss) (Note 1) HK$'000 | Percentage of total assets of the Group |
|---|---|---|---|---|---|---|---|
| (a) Changhong Jiahua Holdings Limited ("Changhong") | Bermuda | 4,870,000 ordinary shares | 0.33% | 9,287 | 9,058 | 2,240 | 0.70% |
| (b) Technovator International Limited ("Technovator") | Singapore | 2,392,164 ordinary shares | 0.37% | 9,569 | 11,124 | 1,555 | 0.86% |

### Unlisted investment funds

| Name of investee | Place of incorporation | Particular of issued shares held | Proportion of investee's capital owned | Cost HK$'000 | Carrying amount HK$'000 | Unrealised gain/(loss) (Note 1) HK$'000 | Percentage of total assets of the Group |
|---|---|---|---|---|---|---|---|
| (c) Greater China Select Fund | Cayman Islands | 19,982 participating shares of US$0.01 each | N/A | 14,456 | 22,194 | 15,129 | 1.72% |
| (c) Greater China Special Value Fund | Cayman Islands | 43,461 participating shares of US$0.01 each | N/A | 29,180 | 12,976 | (6,560) | 1.00% |
| (c) Miran Multi-Strategy Fund | Cayman Islands | 102,767 participating shares of US$0.01 each | N/A | 79,506 | 88,510 | 2,998 | 6.85% |
| (c) Real Estate Opportunity Capital Fund | USA | N/A | N/A | 9,351 | 11,823 | (1,652) | 0.91% |

### Unlisted debt securities

| Name of investee | Place of incorporation | Particular of issued shares held | Proportion of investee's capital owned | Cost HK$'000 | Carrying amount HK$'000 | Unrealised gain/(loss) (Note 1) HK$'000 | Percentage of total assets of the Group |
|---|---|---|---|---|---|---|---|
| (d) Convertible bond issued by Glory Wing International Limited ("Glory Wing") | British Virgin Islands | N/A | N/A | 10,000 | – | – | 0% |

# The carrying amounts also represent their fair values.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

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

**At 31 March 2014**

### Equity securities listed on the Stock Exchange

| | Name of investee | Place of incorporation | Particular of issued shares held | Proportion of investee's capital owned | Cost HK$'000 | Carrying amount HK$'000 | Unrealised gain/(loss) (Note 1) HK$'000 | Percentage of total assets of the Group |
|---|---|---|---|---|---|---|---|---|
| (a) | Changhong Jiahua Holdings Limited | Bermuda | 4,870,000 ordinary shares of HK$0.025 each | 1.04% | 9,287 | 6,818 | (731) | 0.50% |

### Unlisted investment funds

| | Name of investee | Place of incorporation | Particular of issued shares held | Proportion of investee's capital owned | Cost HK$'000 | Carrying amount HK$'000 | Unrealised gain/(loss) (Note 1) HK$'000 | Percentage of total assets of the Group |
|---|---|---|---|---|---|---|---|---|
| (c) | Greater China Select Fund | Cayman Islands | 186,097 participating shares of US$0.01 each | N/A | 135,950 | 148,965 | 23,048 | 11.01% |
| (c) | Greater China Special Value Fund | Cayman Islands | 150,258 participating shares of US$0.01 each | N/A | 114,886 | 67,410 | (1,617) | 4.98% |
| (c) | CSOP Shen Zhou RMB Fund | Cayman Islands | 4,000,000 participating shares of RMB10 each | N/A | 49,316 | 50,610 | (1,004) | 3.74% |
| (c) | Phoenixinvest Pacific Fund | Cayman Islands | 10,000 participating shares of US$100 Each | N/A | 7,756 | 8,233 | (396) | 0.61% |
| (c) | Miran Multi-Strategy Fund | Cayman Islands | 102,767 participating shares of US$0.01 each | N/A | 53,123 | 85,512 | 6,596 | 6.32% |
| (c) | Real Estate Opportunity Capital Fund | USA | N/A | N/A | 14,002 | 16,545 | 4,124 | 1.22% |

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

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

**At 31 March 2014** (continued)

### Unlisted debt securities

| Name of investee | Place of incorporation | Particular of issued shares held | Proportion of investee's capital owned | Cost HK$'000 | Carrying amount HK$'000 | Unrealised gain/(loss) (Note 1) HK$'000 | Percentage of total assets of the Group |
|---|---|---|---|---|---|---|---|
| (d) Convertible bond issued by Glory Wing International Limited ("Glory Wing") | British Virgin Islands | N/A | N/A | 10,000 | – | (10,561) | 0% |

# The carrying amounts also represent their fair values.

Notes:

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

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

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

(a) Changhong (HK listed stock code: 8016) is principally engaged in the trading of consumer electronic products and IT consumer and corporate products distribution. No dividend was received during the Year (2014: Nil). The audited profit attributable to shareholders of Changhong for its year ended 31 December 2014 was approximately HK$185,110,000 (31 December 2013: profit of HK$178,090,000) and the audited net assets attributable to shareholders of Changhong at 31 December 2014 was approximately HK$1,268,683,000 (31 December 2013: HK$983,274,000). The fair value of the investment in Changhong is based on quoted market price.

(b) Technovator is a Singapore-incorporated Hong Kong listed company (HK listed stock code: 1206). The Group received a total of 2,392,164 shares of Technovator listed stock as a result of the disposal of interest in Excel Perfect Investments Limited. For detail please refer to note 17(f). The fair value of the investment in Technovator is based on quoted market price.

(c) Greater China Select Fund, Greater China Special Value Fund, CSOP Shen Zhou RMB Fund, Phoenixinvest Pacific Fund and Miran Multi-Strategy Fund are open-ended investment funds which primary objectives are to provide absolute returns through pursuing different strategies, investing primarily in liquid equities and derivative instruments. During the Year, dividend of HK$499,000 (2014: HK$1,313,000) was received from CSOP Shen Zhou RMB Fund before its full redemption in September 2014.

Real Estate Opportunity Capital Fund is a close-ended investment limited partnership, which primary objective is to seek significant, long-term capital appreciation from the purchase of U.S. real property and asset-backed loans at distressed prices. During the Year, dividend of HK$926,000 was received from this fund (2014: HK$780,000).

The fair value of these unlisted investment funds and limited partnership were established by reference to the prices quoted by the respective administrators.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

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

(c) (continued)

*Interest in unconsolidated structured entities*

The Directors assessed that the Group does not have control in these unlisted investment funds and limited partnership as described in note 3(a)(i) and considered that they are unconsolidated structured entities. The maximum exposure to loss from the Group's interest in these unlisted investment funds and limited partnership as at 31 March 2015 and 31 March 2014 are the same as their fair values at the same date. The change in fair value of these unlisted investment funds and limited partnership is included in profit or loss in "net change in unrealised gain/loss on financial assets at fair value through profit or loss".

The table below shows the total net asset value of the investment funds and limited partnership that the Group has interest as at the year-end date:

| **Investment fund/limited partnership** | **Total net asset value** | |
|---|---|---|
| | **2015** | **2014** |
| | HK$'000 | HK$'000 |
| Greater China Select Fund | 22,194 | 148,965 |
| Greater China Special Value Fund | 12,976 | 67,410 |
| Miran Multi-Strategy Fund | 272,354 | 285,721 |
| Real Estate Opportunity Capital Fund | 108,493 | 151,024 |
| CSOP Shen Zhou RMB Fund | – | 1,285,160 |
| Phoenixinvest Pacific Fund | – | 185,317 |

(d) Glory Wing is an investment vehicle whose core position is an Iron Ore mining operation called Taolegai Mine, located in Inner Mongolia. Glory Wing has invested a total of HK$70 million and the amount was financed by issuance of convertible bonds, of which the Group's allocation is HK$10 million. The convertible bonds bear interest at 3% per annum with original maturity on 9 April 2013. The Group can exercise the conversion option at any time until the maturity date.

Pursuant to the Extension of Maturity Agreements dated 9 April 2013 and 27 September 2013, the Group and Glory Wing agreed to extend the maturity date of the convertible bond to 31 March 2014. The outstanding principal and accrued interest of the convertible bond were not interest bearing throughout the extension.

The bond was matured on 31 March 2014 and the Directors has revalued it to nil since 31 March 2014. The Directors reassessed the position as at 31 March 2015 and determined the value to remain at zero.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 19. ACCOUNTS AND LOANS RECEIVABLE

### Group

| | Note | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|---|
| Accounts receivable | (a) | **3,877** | 3,868 |
| Amount due from an associate | (b) | **20** | – |
| Amount due from a related company | (b) | **2** | – |
| Loan to an investee | (c) | **–** | 1,896 |
| Loan to an associate | (d) | **1,500** | 1,500 |
| Other loan | (e) | **3,000** | 3,000 |
| | | **8,399** | 10,264 |
| *Represented by:* | | | |
| Current assets | | **8,399** | 10,264 |

### Company

| | Note | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|---|
| Amount due from a related company | (b) | **2** | – |
| Loan to an associate | (d) | **1,500** | 1,500 |
| Other loan | (e) | **3,000** | 3,000 |
| | | **4,502** | 4,500 |
| *Represented by:* | | | |
| Current assets | | **4,502** | 4,500 |

(a) At 31 March 2015, the Group's accounts receivable represented performance premium receivable from a co-investment partner. The Group does not hold any collateral or other credit enhancements over the accounts receivable. The aging analysis of accounts receivable based on the invoice date is as follows:

| | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|
| Unbilled | **3,877** | 3,868 |

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

At 31 March 2015 and 2014, the accounts receivable was neither past due nor impaired.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 19. ACCOUNTS AND LOANS RECEIVABLE (continued)

(b) Amounts due from an associate and a related company arise mainly from administrative expenses paid by the Group on behalf of the associate and the related company. The amounts are unsecured, interest-free and repayable on demand.

(c) Loan to an investee is interest-free, unsecured, and have no fixed repayment term. It was fully settled on 2 September 2014 by receiving the equivalent value of Technovator listed shares.

(d) On 1 July 2014, a shareholders' loan supplementary agreement was signed by all shareholders of the associate. Pursuant to this agreement, the loan to the associate is unsecured, interest-free and not repayable until 31 December 2015.

(e) Other loan represents loan to the major shareholder of one of the Group's associates. On 1 July 2014, a supplementary loan agreement was signed by this major shareholder and the Group. Pursuant to this agreement, other loan is unsecured, interest bearing at 5% per annum and not repayable until 31 December 2015.

## 20. DEFERRED TAX

At 31 March 2015, deferred tax has not been recognised in respect of the following items:

| | **Group 2015 HK$'000** | **Company 2015 HK$'000** | Group 2014 HK$'000 | Company 2014 HK$'000 |
|---|---|---|---|---|
| Unused tax losses | **33,569** | **25,722** | 31,858 | 27,739 |
| Deductible temporary differences | **62** | **87** | 73 | 86 |
| | **33,631** | **25,809** | 31,931 | 27,825 |

At 31 March 2015, the Group has not recognised deferred tax asset in respect of unused tax losses of approximately HK$33,569,000 (2014: approximately HK$31,858,000) due to the unpredictability of future profit streams. These balances will not expire until utilised.

At 31 March 2015, the Group has not recognised deferred tax asset in respect of excess of accounting depreciation over tax depreciation of approximately HK$62,000 (2014: HK$73,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 21. SHARE CAPITAL

| | Number of shares | | | |
|---|---|---|---|---|
| | **2015 Thousand shares** | 2014 Thousand shares | **2015 HK$'000** | 2014 HK$'000 |
| *Authorised* | | | | |
| Ordinary shares of HK$0.10 each | **2,000,000** | 2,000,000 | **200,000** | 200,000 |
| *Issued and fully paid:* | | | | |
| At 1 April | **941,400** | 941,400 | **94,140** | 94,140 |
| Share repurchase | **(4)** | – | **–** | – |
| At 31 March | **941,396** | 941,400 | **94,140** | 94,140 |

During the Year, the Company repurchased a total of its 4,000 ordinary shares ("Repurchased Shares") on the Stock Exchange at average HK$0.91 per share. The Repurchased Shares were then cancelled and the issued share capital of the Company was accordingly reduced to 941,396,000 shares.

### Capital Management

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

The Group manages its capital structure and makes adjustments to it, in light of change in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2015 and 2014.

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

## 22. SHARE OPTION SCHEME

Under the Share Option Scheme adopted on 19 March 2003 and refreshed on 21 January 2008, the Board may at any time following the date of adoption and before the tenth anniversary thereof, offer to grant to certain selected classes of participants (including, among others, 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 22. SHARE OPTION SCHEME (continued)

An option may be accepted by a participant within 21 days from the date of the offer for grant of the option. An option may be exercised in accordance with the terms of the share option scheme at any time not later than 10 years from the date on which the offer for grant of the option is made. Subject to the terms of the share options determined by the Board, the participant may have to meet certain vesting conditions before becoming unconditionally entitled to the share options. For the share options that existed during the years ended 31 March 2015 and 2014, vesting conditions includes performance conditions such as complete or successful exit of specified investment projects and market conditions such as the Company's market capitalisation. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

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

| Grantee | Date of grant | Outstanding at the beginning of the year | Granted during the year | Lapsed during the year | Forfeited during the year | Outstanding at the end of the year | Exercisable at the end of the year | 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 | – | – | (800,000) | 1,750,000 | 1,750,000 | 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 | – | – | (2,050,000) | 28,500,000 | 14,500,000 | | |

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 22. SHARE OPTION SCHEME (continued)

Movement of the Company's share options during the year ended 31 March 2014:

| Grantee | Date of grant | Outstanding at the beginning of the year | Granted during the year | Lapsed during the year | Forfeited during the year | Outstanding at the end of the year | Exercisable at the end of the year | 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 | – | – | – | 2,550,000 | 2,550,000 | 1.64 | 20.4.2010 to 19.4.2015 |
| Employees | 20.4.2010 | 1,750,000 | – | – | – | 1,750,000 | – | 1.64 | 31.7.2010 to 19.4.2015 |
| Employees | 20.4.2010 | 1,750,000 | – | – | – | 1,750,000 | – | 1.64 | 31.3.2011 to 19.4.2015 |
| Employees | 20.4.2010 | 1,750,000 | – | – | – | 1,750,000 | – | 1.64 | 31.12.2012 to 19.4.2015 |
| Consultants | 18.2.2011 | 13,000,000 | – | – | (4,250,000) | 8,750,000 | 8,750,000 | 1.64 | 18.2.2011 to 17.2.2016 |
| | | 34,800,000 | – | – | (4,250,000) | 30,550,000 | 16,550,000 | | |

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 22. SHARE OPTION SCHEME (continued)

Notes:

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

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

Details of the share options granted on 20 April 2010 was as follows:

| | |
|---|---|
| Theoretical aggregate value: | HK$13,706,000 |
| Fair value recognised in profit or loss during the Year: | HK$1,142,000 (2014: HK$1,510,000) |
| Risk free interest rate: | 2.027% |
| Expected volatility: | 97.288% |
| Expected life of the options: | 5 years from the date of grant |
| Expected dividend yield: | 2.423% |

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

| | |
|---|---|
| Theoretical aggregate value: | HK$10,607,000 |
| Fair value recognised in profit or loss during the Year: | Nil (2014: 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.

(c) During the Year, certain option grantees ceased their services to the Group. Under the Share Option Scheme, a total of HK$1,705,000 has been transferred to retained profits as the forfeiture of those vested share options.

During the year ended 31 March 2014, certain option grantees ceased their services to the Group. Under the Share Option Scheme, a total of HK$3,468,000 has been recognised in profit or loss as the forfeiture of those share options.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 23. RESERVES

### (a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity on page 33 of this report.

### (b) Company

| | Share premium HK$'000 | Share-based payment reserve HK$'000 | Retained profits/ (accumulated losses) HK$'000 | Final dividend HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|
| At 1 April 2013 | 965,683 | 19,742 | (112,884) | – | 872,541 |
| Share options vested | – | 1,510 | – | – | 1,510 |
| Share options forfeited | – | (3,468) | – | – | (3,468) |
| Total comprehensive income for the year | – | – | 162,466 | – | 162,466 |
| Final dividend | – | – | (47,070) | 47,070 | – |
| At 31 March 2014 | 965,683 | 17,784 | 2,512 | 47,070 | 1,033,049 |
| Share options vested | – | 1,142 | – | – | 1,142 |
| Share options forfeited | – | (1,705) | 1,705 | – | – |
| Share repurchase | (3) | – | – | – | (3) |
| Total comprehensive income for the Year | – | – | (23,567) | – | (23,567) |
| Dividend paid | – | – | – | (47,070) | (47,070) |
| **At 31 March 2015** | **965,680** | **17,221** | **(19,350)** | **–** | **963,551** |

The Board do not recommend payment of any dividend for the Year.

On 14 August 2014, the Board has resolved to pay an interim dividend of HK$0.05 per ordinary share. The total interim dividend of HK$47,069,800 was paid on 28 August 2014.

The Company's reserves available for distribution comprise share premium, share-based payment reserve and retained earnings. In the opinion of the directors, the Company's reserves available for distribution to the shareholders at 31 March 2015 were approximately HK$963,551,000 (2014: HK$1,033,049,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 23. RESERVES (continued)

### (b) Company (continued)

#### (i) Share premium account

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

#### (ii) Share-based payment reserve

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

#### (iii) Investment revaluation reserve

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

## 24. NET ASSET VALUE PER SHARE

The net asset value per share is calculated by dividing the net asset value of the Group at 31 March 2015 of approximately HK$1,266,856,000 (2014: HK$1,326,619,000) by the number of ordinary shares in issue at that date, being 941,396,000 (2014: 941,400,000).

## 25. MAJOR NON-CASH TRANSACTIONS

During the Year, the Group received 2,392,164 listed share of Technovator International Limited (HK listed stock code: 1206) from the disposal of the position in Excel Perfect Investments Limited.

During the year ended 31 March 2014, the Group received the partnership interest in Real Estate Opportunity Capital Fund of approximately HK$14,002,000 as the result of distribution in specie from the Greater China Special Value Fund.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 26. COMMITMENTS

### (a) Capital commitment

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

| | | Group | |
|---|---|---|---|
| | Note | **2015** **HK$'000** | 2014 HK$'000 |
| Capital contribution to Jin Dou | i | **104,693** | 104,800 |
| Capital injection to Panlink | ii | **–** | 93,769 |

Notes:

(i) 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 HK$104,693,000) to Jin Dou. The calling of the further capital contribution lies upon the future funding needs of Jin Dou.

(ii) 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. Due to a lack of potential acquisition target, the Group ceased the pursuit of business under Panlink during the Year. Given the capital commitment is conditional upon successful acquisitions and approvals from relevant authorities, it was not expected to be called upon.

### (b) Operating lease commitment

At 31 March 2015, the total future minimum lease payments under non-cancellable operating lease for office premise and staff quarters are payable as follows:

| | Group | |
|---|---|---|
| | **2015** **HK$'000** | 2014 HK$'000 |
| Within one year | **5,020** | 3,613 |
| In the second to fifth years inclusive | **–** | 660 |
| | **5,020** | 4,273 |

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 27. RELATED PARTY TRANSACTIONS

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

### Transactions and balances with related parties

| Name of related party | Nature of transactions and balances | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|---|
| Oriental Patron Asia Limited ("OPAL") (note a) | Investment management fee paid/ payable (of which approximately HK$1,670,000 (2014: approximately HK$1,717,000) was included in other payables) (note c) | **19,557** | 19,801 |
| Oriental Patron Management Services Limited ("OPMSL") (note b) | Rental paid (note b) | **2,893** | 2,526 |

Notes:

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

(b) The Company, through a wholly-owned subsidiary, renewed the license agreement with OPMSL on 5 March 2013 in respect of the provision of the principal place of business of the Company for a monthly rental of HK$188,730 effective from 1 April 2013 to 31 October 2013. The agreement was renewed at HK$241,098 per month for the period from 1 November 2013 to 31 March 2014. On 13 March 2014, the license agreement was further renewed at the same rate for the period from 1 April 2014 to 31 March 2015.

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

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

(d) Please refer to note 15, 16 and 19 for other related party balances and transactions.

### Compensation of key management personnel

The key management personnel of the Company comprises all directors, details of their remuneration are disclosed in note 13 to the consolidated financial statements.

## 28. RETIREMENT BENEFITS SCHEME

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

During the Year, the Group's contributions charged to profit or loss amounted to approximately HK$227,000 (2014: approximately HK$206,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

## 29. EVENTS AFTER THE REPORTING PERIOD

On 22 May 2015, the Company granted 56,000,000 share options to certain eligible grantees of the Company and its subsidiaries under the share option scheme of the Company, subject to the acceptance of the offer by the grantees. The options shall entitle the grantees to subscribe for a total of 56,000,000 new ordinary shares of par value of HK$0.1 each in the share capital of the Company. The exercise price was set at HK$1.65 per share.

On 1 June 2015, the Company entered into a placing agreement with Oriental Patron Securities Limited (the "Placing Agent"), pursuant to which the Placing Agent conditionally agreed to place up to 900,000,000 placing shares ("Placing Shares") to not less than six placees at a price of HK$1.5 per Placing Share on a best effort basis.

## 30. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 26 June 2015.

# Financial Summary

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

| | Year ended 31 March | | | | |
|---|---|---|---|---|---|
| | **2015** | 2014 | 2013 | 2012 | 2011 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **RESULTS** | | | | | |
| Revenue | **31,805** | 30,488 | 29,591 | 47,679 | 47,934 |
| Profit/(Loss) before tax | **1,763** | 61,968 | 12,812 | (43,048) | (233,327) |
| Taxation | **(4,714)** | (14,748) | – | 418 | – |
| (Loss)/Profit for the year | **(2,951)** | 47,220 | 12,812 | (42,630) | (233,327) |
| Other comprehensive income | **(10,898)** | 6,440 | (184,574) | (8,777) | 41,381 |
| Total comprehensive income | **(13,849)** | 53,660 | (171,762) | (51,407) | (191,946) |

| | At 31 March | | | | |
|---|---|---|---|---|---|
| | **2015** | 2014 | 2013 | 2012 | 2011 |
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **ASSETS AND LIABILITIES** | | | | | |
| Total assets | **1,292,577** | 1,353,222 | 1,278,013 | 1,540,895 | 1,596,764 |
| Total liabilities | **(25,721)** | (26,603) | (4,352) | (2,672) | (8,476) |
| Net assets | **1,266,856** | 1,326,619 | 1,273,661 | 1,538,223 | 1,588,288 |