



CROSSING BORDERS

Annual Report 2015/2016



OP Financial Investments Limited

Stock Code: 1140



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FORWARD-LOOKING STATEMENTS

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. ZHANG Zhi Ping (*Chairman*)

Mr. ZHANG Gaobo (*Chief executive officer*)

Non-executive Director

Dr. LIU Zhiwei (*Deputy Chairman*)

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 BANKER

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:

We have consolidated our foundation to be well prepared for future development in 2015. During the twelve months ended 31 March 2016 (the "Year"), our successful placement of 900,000,000 ordinary shares helped increase our investable capital by approximately HK\$1.32 billion. As of 31 March 2016, the net asset value of OP Financial Investments Limited (the "Company" or "OP Financial"), and its subsidiaries (the "Group") amounted to HK\$2.64 billion, holding mainly liquid assets.

Under the principle of prudent investment, we achieved satisfactory performances through divestment from three projects. OP Financial returned a strong profit for the Year of HK\$44.16 million, mainly attributable to the divestments which offset paper losses in our oil and gas position. The Company Board of Directors recommended the payment of a final dividend of HK 2.5 cents per share.

We have a clear strategy after years of exploration.

Considering long-term investments, we mainly focus on financial platforms generating stable returns and creating synergies. CSOP, the world's largest RQFII asset manager, continues to perform well and dominate the ETF market. OPIM, our investment in asset management service platform, develops an affordable platform solution specifically for emerging fund managers. The solution receives positive responses from managers as it reduces complexity, costs and time to launch new funds. We expect OPIM's market share will rise rapidly under accelerated integration between Hong Kong and China.

In the aspect of middle to short-term investments, we concentrate on industries with huge potential, or industries lacking development, especially where efficiency can be rapidly improved through internet technologies. Such industries focus on finance, general health, modern services, high-end manufacturing and new energy. As we join forces with leading companies in cross-border investments, we provide transaction structure and financing arrangements while our partners provide evaluation, judgement and business development.

Overseas M&A activities are driven by the internal motivation and demand of Chinese enterprises. Our expertise in cross-border transactions and financing makes us the best partner for PRC listed companies. Cross-border investments are our main targets. We will also invest in enterprises of high-growth potential, but it won't be a major part of our portfolio. In addition, we will consider to use a variety of structured products under effective risk control measures to create returns for shareholders.

Chinese companies continue to intensify their efforts in overseas mergers and acquisitions in 2016. However, a large number of PRC listed companies turn to Hong Kong for financing since China has strengthened capital control. This gives OP Financial an excellent opportunity for market penetration. We believe 2016 will be a fruitful year for our cross-border investment business. Meanwhile, the asset management platforms will gain more market share to increase value for shareholders.

We would like to express our sincere gratitude to shareholders for their steadfast support. OP Financial will become the leading cross-border investment platform in Asia and create greatest value for our shareholders over the long run.

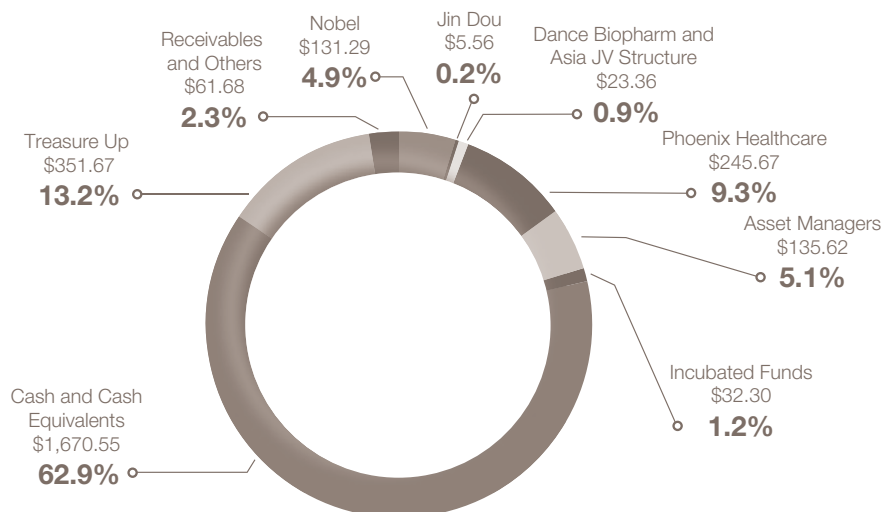
Zhang Zhi Ping

Chairman

27 June 2016, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

Investment Holdings by Source
(HK\$ millions, as a percentage of total assets)



INVESTMENT REVIEW

The Group’s investment portfolio performed relatively well during the Year. The Group’s profit for the Year amounted to HK\$44.16 million, which is mainly attributable to the positive returns from the disposal of Zhonghui and Technovator, redemption of an incubated fund and share of results of CSOP.

Nobel

In 2008, OP Financial invested alongside China Investment Corporation (“CIC”) 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.

During the Year, global oil prices continue to remain volatile amid concerns of global oversupply and the weak global economic outlook. Brent Oil price dropped below US\$40 per barrel at the end of 2015, down more than 60% from the high in the summer of 2014. Russia was in discussions with the OPEC

members and other key producers about measures to stabilise oil prices. A consensus was reached with Saudi Arabia to free oil output at near-record levels in February 2016. According to the data of Oil Market Report published by International Energy Agency in April 2016, there is a steady oil demand growth and a falling non-OPEC supply (except for the Russian Federation) in the market.

The oil price at its current level exerts significant pressure on oil production companies. In response, Nobel reduced its oil output from 652,147 tons to 606,368 tons to preserve current oil reserves in 2015. Nobel continued to control the cost to cope with thin operating margins and a depreciated Ruble. The fair value of Nobel dropped from HK\$162.06 million to HK\$131.29 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Jin Dou

OP Financial invested in a Kazakhstan agriculture project named Jin Dou with CIC in 2009, mandated to diversify the country's crops and commercialise regional production such as non-genetically modified soybeans for export. OP Financial committed a total of US\$15 million, of which only US\$1.50 million was drawn. While the position fell from HK\$6.30 million to HK\$5.56 million, the Group's investment in Jin Dou remains positive after taking into account the performance premiums received since inception.

Treasure Up Ventures Limited

In January 2016, OP Financial invested in 25% of equity interest in Treasure Up Ventures Limited ("Treasure Up") for a total of US\$45.17 million through a combination of equity capital and shareholder loan. Treasure Up participates in a 15.3% investment in Beijing International Trust Co., Ltd. ("BITIC"), which translated to a 3.8% indirect interest of OP Financial in BITIC.

BITIC is a leading trust company engaging in trust and investment fund business in China. According to the statistics released by the China Trustee Association in February 2016, assets under management at the country's 68 trust companies were worth RMB16.3 trillion at the end of 2015, an increase of 16.6% as compared to 2014. BITIC ranked 21st out of 68 trust companies based on comprehensive measures in 2015. As at 31 December 2015, BITIC's net asset value reached RMB6.99 billion. Its assets under management of trust plans were boosted to RMB206.4 billion. BITIC generates stable income and maintains 50% of net profit margins for four consecutive years from 2012 to 2015. The investment creates synergies with OP Financial's investments in financial services platforms.

Asset Managers

OP Financial has non-controlling positions in four (2015: five) asset management companies. The two major positions are CSOP Asset Management Limited ("CSOP") and OP Investment Management ("OPIM").

CSOP

In 2008, OP Financial and China Southern Asset Management Co. Ltd ("China Southern") were given approval by the China Securities Regulatory Commission ("CSRC") to set up an asset management joint venture company in Hong Kong. CSOP Asset Management Limited ("CSOP") was founded and started managing private and public funds as well as providing investment advisory services to global investors. CSOP holds the world's largest Renminbi RQFII quota of RMB46.10 billion (equivalent to approximately US\$7.01 billion).

The carrying value of the Group's CSOP position was HK\$104.68 million as at 31 March 2016. In May 2015, CSOP distributed a dividend of HK\$45.28 million. Taking into account the dividend distributions up to May 2016, it represents a 13.42% year-on-year increase and exceeds 2.5 times the initial investment cost.

CSOP is a market leader in RQFII ETF market. Its ETF products accounted for about 65% of all RQFII ETFs in terms of AUM while their turnover and trading volume accounted for about 75% total turnover in the RQFII ETF market. During the Year, a wide variety of equal weighted index ETF products was launched by CSOP, including CSOP MSCI T50 ETF to track the largest 50 internet giants listed in Hong Kong and United States and CSOP China Chinext ETF to track the China GEM Index. ETFs in Asia continue to see huge inflows. In Q1 2016, CSOP/China Southern gathered US\$1.18 billion net ETF/ETP inflows and being the largest net YTD, according to an industry report released by ETFGI, an independent research and consultancy firm.

Given the favorable market outlook and leading position of CSOP, the Group believes CSOP will continue to promise high returns. OP Financial will hold this position as one of the core investments in its financial services platform.

MANAGEMENT DISCUSSION AND ANALYSIS

OPIM

OPIM, comprising OP Investment Management (Cayman) Limited and OP Investment Management Limited, is an asset management platform which serves Asian-based managers to develop emerging funds across diversified strategies.

Asia-Pacific as a destination for hedge fund management has been expanding rapidly over the past few years. Hong Kong is establishing itself to be the leading asset management hub in the region. According to the statistics of Preqin's hedge fund reports, assets under management of the hedge fund industry in Hong Kong reaches US\$67 billion in March 2016, an increase of approximately 10% compared to last year.

With a fast moving industry landscape, OPIM builds a proprietary platform to help managers launching new funds with lower AUM thresholds for fast and affordable fund structures. OPIM has partnered with several PRC fund managers to expand their product base offshore and fulfill onshore investors' demands in global allocation. During the Year, OPIM issued new class of preference shares for the establishment of the proprietary platform. The Group's investment position via ordinary shares and preference shares as at 31 March 2016 increased to HK\$23.89 million.

Incubated Funds

OP Financial invested in a portfolio of unlisted investment funds as part of a larger strategy to incubate new funds developed through OP Financial's partnership. In January 2016, OP Financial subscribed a limited partnership interest in Zhong Wei Capital L.P. with an investment commitment of US\$2 million. As a venture capital fund, Zhong Wei Capital's current portfolio includes positions in mobile payment, new energy and travel industries. Meanwhile, OP Financial gradually redeems its seed capital from those funds which have become more established. The total fund invested by OPIM decreased from HK\$135.50 million to HK\$29.38 million primarily due to the redemption of established funds. During the Year, the Group recorded a realised gain on redemption of investment funds of HK\$15.27 million.

Phoenix Healthcare

OP Financial invested HK\$199.08 million or 3.4% interest in Phoenix Healthcare Group ("Phoenix Healthcare", Stock Code: 1515) as its listed portfolio company in the first quarter of 2016. Phoenix Healthcare is the largest private hospital group in China in terms of number of beds under operation. Phoenix Healthcare owns and operates hospitals and clinics, and offers a range of healthcare services from primary preventive care to acute care and post-operative rehabilitation. China is determined to strengthen the healthcare servicing ability of medical institutes at lower tiers. OP Financial believes Phoenix Healthcare will benefit from the favorable policies and strong demand driven by offering management services to more public hospitals at lower tiers.

Zhonghui

OP Financial made a special situation investment of HK\$197 million through a limited investment partnership in January 2015, which was an interim financing arrangement for the purchase of Zhonghui Plaza in Beijing. The investment attached with call/put options from the controlling shareholder of Zhonghui Plaza's property developer. During the Year, the call option was exercised and the interim financing was fully repaid. The Group recognised the distribution of HK\$88.65 million of which HK\$66.82 million from capital return on this project is recognised.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Financial position

Net asset value: The Group's net assets as at 31 March 2016 increased 108.26% from HK\$1.27 billion to HK\$2.64 billion during the Year. The NAV per share increased from HK\$1.35 to HK\$1.43.

Gearing: The gearing ratio, which is calculated on the basis of total liabilities over total equity as at 31 March 2016, was 0.01 (31 March 2015: 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 Treasure Up, which participates in an investment in Beijing International Trust Co., Ltd.. Assets increased by 16.40% to HK\$466.45 million as at 31 March 2016 (31 March 2015: HK\$400.75 million) reflecting our new investment position in Treasure Up.

Available-for-sale financial assets: A 9.61% decrease from HK\$213.20 million to HK\$192.72 million during the Year was mainly the result of (i) decline in our position with Nobel of HK\$30.77 million and (ii) increase in our position with OPIM of HK\$4.11 million.

Financial assets at fair value through profit or loss: An increase from HK\$155.69 million to HK\$283.53 million during the Year was mainly the net results of (i) a new investment in Phoenix Healthcare of HK\$199.08 million, and (ii) a redemption of HK\$94.73 million from Miran Multi-Strategy Fund.

Bank and cash balances: During the Year, bank and cash balances increased from HK\$513.38 million to HK\$1.67 billion, mainly attributable to (i) the completion of a placement of the 900 million new shares to raise net proceeds of HK\$1.32 billion; (ii) distribution from Zhonghui and investment funds; and (iii) new investment in Treasure Up and Phoenix Healthcare.

RESULTS

The Group was profitable during the Year. The total comprehensive income amounted to a gain of HK\$39.65 million compared to a loss of HK\$13.85 million last year. These are primarily due to the distribution from capital return on Zhonghui, gains from disposal of Technovator, redemption of an incubated fund as well as share of results of associates, including CSOP which together offset the decrease in fair value of available-for-sale financial assets.

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:

	2016 HK\$'000	2015 HK\$'000
Dividend income from unlisted investments ⁽¹⁾	4,493	9,099
Performance premium from an investment partner ⁽²⁾	15,504	15,525
Interest income ⁽³⁾	9,495	7,181
	29,492	31,805

(1) Dividends received from Real Estate Opportunity Capital Fund and Changhong Jiahua Holdings Ltd during the Year.

(2) CIC, the investment partner in both agriculture partnership and Nobel, awarded OPFI performance premiums in return for our resources allocated to the agriculture partnership – Jin Dou.

(3) Interest income is mainly generated from 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\$17.38 million (2015: gain of HK\$11.58 million) mainly represents the net result of (i) the net unrealised gain on listed shares of HK\$48.80 million; (ii) the net unrealised losses on investment funds of HK\$10.46 million; and (iii) the transfer out of net unrealised gain of HK\$13.69 million on incubated funds and HK\$7.27 million on Technovator.

Net realised gain on disposal of investments: This mainly represents (i) the realised gain of HK\$15.27 million on redemption of Miran Multi-Strategy Fund; (ii) the realised gain of HK\$7.27 million on disposal of Technovator; and (iii) the realised gain of HK\$66.82 million on disposal of Grand Central Tian Di L.P..

Impairment loss on available-for-sale financial assets: The HK\$34.33 million loss represents the further impairment on Nobel and one of our listed securities, Kaisun Energy Group Limited (Stock Code: 8203).

Equity-settled share-based payments: This represents the net value of share options vested and forfeited during the Year. These share options were granted to certain directors, employees and consultants on 20 April 2010 and 22 May 2015 respectively, which are vested over five years from the grant date.

Operating and administrative expenses: The total amount of HK\$71.31 million is mainly the result of investment management fee and staff costs.

Share of results of investment accounted for using equity method: a net amount of approximately HK\$23.92 million (2015: HK\$89.52 million) accounted for our share of results of the investments, including a gain of HK\$24.71 million attributable to CSOP.

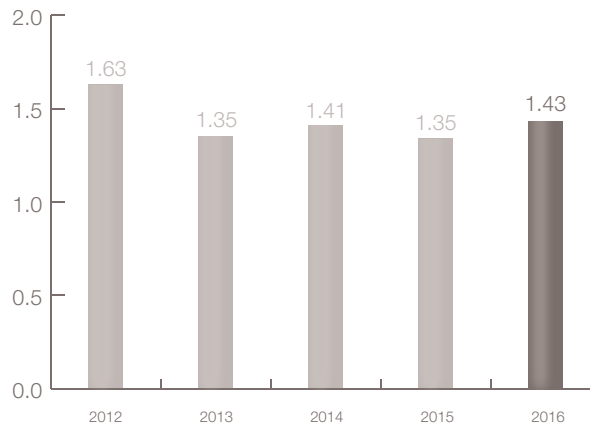
Other comprehensive income: Changes to the Group's NAV, otherwise not accounted for in "profit for the Year", are found in "other comprehensive income". The loss of HK\$4.50 million is net of (i) decrease in fair value of available-for-sale financial assets by HK\$36.44 million, mainly represents decrease in value of equity interest in Nobel of HK\$30.77 million; (ii) impairment losses on available-for-sale financial assets of HK\$34.33 million transferred to profit or loss; and (iii) decrease in share of other comprehensive income of investments accounted for using equity method by HK\$2.39 million. Combining with the "profit for the Year", the total comprehensive income for the Year was a gain of HK\$39.65 million.

Fair value changes recognised in Other Comprehensive Income:

	2016 HK\$'000	2015 HK\$'000
Nobel	(30,767)	(40,027)
Kaisun	(3,567)	(5,417)
OPIM	4,112	(38,430)
Jin Dou	(736)	(521)
Dance Biopharm	(4,311)	(7,170)
Technovator	–	(7,607)
OP Vision	(1,175)	–
Fair value decrease	(36,444)	(99,172)

MANAGEMENT DISCUSSION AND ANALYSIS

NAV Per Share in HK\$



DIVIDEND POLICY AND PROPOSED FINAL DIVIDEND

No interim dividend was paid during the Year (2015: nil).

The Directors recommend the payment of a final dividend of HK 2.5 cents (2015: nil) per share in respect of the Year to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 7 September 2016. The proposed final dividend will be paid on Thursday, 15 September 2016 following approval at the forthcoming annual general meeting of the Company.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the proposed final dividend for the Year (subject to approval by shareholders of the Company at the forthcoming annual general meeting), the register of members of the Company will be closed from 7 September 2016 to 9 September 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on 6 September 2016.

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 2016, the Group had cash and bank balances of HK\$1.67 billion (31 March 2015: HK\$513.38 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 103 times (2015: 26 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 2016, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK\$2.64 billion (2015: HK\$1.27 billion) and 1,841,396,000 (2015: 941,396,000) respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS OF INVESTMENTS

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

- New investment of HK\$351.67 million in Treasure Up
- New investment of HK\$199.08 million in Phoenix Healthcare listed shares
- Return of its attributable capital and distribution of HK\$285.65 million from the Zhonghui
- Redemption of HK\$94.73 million from Miran Multi-Strategy Fund
- Disposal of HK\$16.84 million of Technovator listed shares

SEGMENT INFORMATION

Segment information of the Group is set out in note 8 on pages 62 and 63 of this report.

EMPLOYEES

During the Year, the Group had 34 (2015: 27) employees, inclusive of all directors of the Group. Total staff costs for the Year amounted to HK\$31.10 million (2015: HK\$19.09 million). The Group's remuneration policies are in line with the market practice and are determined on the basis of the performance and experience of individual employee.

SHARE OPTION SCHEME

The detailed disclosures relating to the Group's share option scheme and valuation of options are set out in note 21 to the consolidated financial statements.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

At 31 March 2016, the Group had exposure to foreign exchange fluctuation from its bank balances. These bank balances were denominated in RMB and the maximum exposure to foreign currency risk was RMB55,000, equivalent to HK\$66,000 (at 31 March 2015: RMB691,000, equivalent to HK\$864,000).

At 31 March 2016, 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 2016, 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 2016, 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 publicly announce these plans as they become necessarily disclosable to shareholders during the course of the financial year.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company or any of its subsidiaries has not purchased, sold or redeemed any of the Company's securities during the Year.

EVENTS AFTER THE REPORTING PERIOD

On 17 May 2016, the Company adopted a new share option scheme following the approval of such at the extraordinary general meeting held on 13 May 2016.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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

DIRECTOR

Executive Directors

Mr. ZHANG Zhi Ping, aged 60, 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 degree in Arts from Heilongjiang University in 1982 and later graduated from Graduate School of the People's Bank of China ("PBOC") and obtained a master's degree in Economics. Mr. Zhang has over 30 years of experience in the PRC and international financial markets and held senior positions in a number of institutions, including the deputy division chief in Financial Administration Department of the PBOC, the chairman and general manager of Hainan Provincial Securities Company, the inaugural director of the Securities Society of China, the inaugural director of Department of Intermediary Supervision of China Securities Regulatory Commission ("CSRC"), a member of the listing committee of the Shanghai Stock Exchange and the chairman of the investment committee of Hainan Fudao Investment Management Company. Mr. Zhang has taken up the role to serve as an executive president of Finance Center for South-South Cooperation (formerly known as South-South Asia-Pacific Finance Center), a non-governmental organization ("NGO") under the United Nations ("UN") framework established for the promotion of South South Cooperation since April 2014.

Mr. ZHANG Gaobo, aged 51, 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 and PBOC Hainan Branch and as the chairman of Hainan Stock Exchange Centre. Mr. Zhang is also an independent non-executive director of Beijing Enterprises Water Group Limited, a company listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and 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 Vice-President of Finance Center for South-South Cooperation (formerly known as South-South Asia-Pacific Finance Center), an NGO under the UN framework established for the promotion of South South Cooperation since April 2014.

Non-executive Director

Dr. LIU Zhiwei, aged 49, has been a non-executive Director of the Company since December 2015. He has also been appointed as the deputy chairman of the Company since March 2016. Dr. Liu is responsible for building and expanding the Company's investor relations and public relations platform to support the Group's domestic and international strategies. He is the chairman of each of Shanghai Chunda Asset Management Co., Ltd and Bestone Asset Management Corporation Limited. Dr. Liu served as the vice-chairman of Xi'an International Trust Co., Ltd from 2008 to 2011. He also served as a general manager of the merger and acquisition department of Guosen Securities Co., Ltd from 1997 to 1998. Dr. Liu obtained a bachelor's degree in Industrial Management Engineering from Zhe Jiang University in 1989. He furthered his studies in the PBOC between 1989 and 1992 and obtained a master's degree in international finance. In 2007, Dr. Liu obtained a doctoral degree in Economics & Law from Hunan University. He completed a professional programme in Finance CEO from Cheung Kong Graduate School of Business in 2010.

Independent Non-executive Directors

Mr. KWONG Che Keung, Gordon, aged 66, 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, Chow Tai Fook Jewellery Group Limited and FSE Engineering Holdings Limited. Mr. Kwong was previously an independent non-executive director of China Chengtong Development Group Limited until 1 November 2013. 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Prof. HE Jia, aged 61, has been an independent non-executive Director and serving as a member of the audit committee of the Company since February 2003 and a member of the remuneration committee of the Company since April 2005. Prof. He has also been appointed the chairman of the corporate governance committee and serving as a member of the nomination committee of the Company since January 2012. He is currently a leading professor of Department of Finance at the South University of Science and Technology of China and was a professor of Department of Finance at the Chinese University of Hong Kong and a professor at the Tsinghua University. He was a commissioner of the Strategy and Development Committee of CSRC and 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.

Mr. WANG Xiaojun, aged 61, has been an independent non-executive Director and a member of the audit committee of the Company since August 2004. Mr. Wang has also been serving as the chairman of the remuneration committee of the Company since April 2005, and a member of the nomination committee and corporate governance committee of the Company since January 2012. Mr. Wang is a partner of Jun He Law Offices and was admitted lawyer and solicitor in the PRC, Hong Kong and England and Wales in 1988, 1995 and 1996 respectively. Mr. Wang has worked as a member of the legal expert group in the Stock Exchange and solicitor in Richards Butler and has worked as an investment banker in Peregrine and ING Barings. He graduated from the People's University of China and the Graduate School of the Chinese Academy of Social Science and holds a bachelor degree in Laws and a master degree in Laws. Mr. Wang is currently an independent non-executive director of Yanzhou Coal Mining Company Limited, a company listed on the Stock Exchange, Shanghai Stock Exchange and New York Stock Exchange, Livzon Pharmaceutical Group Co., Ltd., a company listed on Stock Exchange and Shenzhen Stock Exchange, and China Aerospace International Holdings Limited, a company listed on the Stock Exchange. He was previously an independent non-executive director of 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 Weidong, aged 51, 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 Jonathan Soon Pin, aged 54, was appointed as the Partner and Head of Energy & Resources of the Company in November 2010, has responsibility for the origination and development of the Company's energy and resources businesses. He has over 25 years' experience in energy and natural resources industries. Before joining the Company, Mr. Yeap was the chief executive officer of Kaisun Energy Group Limited, a company listed on the Stock Exchange of Hong Kong Limited from 2008 to 2010. Prior to that, he was from 1997 to 2001 a chief executive officer of the China region and the managing director of the Asia Pacific region of Enron Corporation, a global energy group. Moreover, Mr. Yeap served as a chief executive officer of a subsidiary of a large oil, gas, coal and power company in the United States from 1993 to 1996. He also worked as a project director of a large United States power generating company assigned to the PRC from 1992 to 1993. During this period, Mr. Yeap was a lead developer for a foreign-invested integrated coal mine, power plant, DC transmission line project transporting translator's enquiry electricity from Shanxi province, the PRC to Jiangsu province/Shanghai, the PRC. Mr. Yeap held various engineering and financial positions with a Canadian company specializing in development, construction and operation of independent power plants worldwide between 1983 and 1992. He holds a bachelor degree in electrical engineering from the University of Alberta.

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.

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 28 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 32.

The Directors recommend the payment of a final dividend of HK 2.5 cents per share in respect of the Year to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 7 September 2016. The proposed final dividend will be paid on Thursday, 15 September 2016 following the approval at the forthcoming annual general meeting of the Company.

DONATIONS

Charitable and other donations made by the Group during the Year amounted to HK\$1,756,000.

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 32 and 34 and note 27 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 20 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 March 2016 amounted to HK\$2,386,075,000.

PRE-EMPTIVE RIGHTS

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

DIRECTORS' REPORT

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 94 of this report.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

PERMITTED INDEMNITY PROVISION

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

SHARE OPTIONS

Information about the share options of the Company during the Year is set out in note 21 to the consolidated financial statements.

DIRECTORS

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

Executive Directors

Mr. ZHANG Zhi Ping
Mr. ZHANG Gaobo

Non-executive Director

Dr. LIU Zhiwei (Appointed on 1 December 2015)

Independent Non-executive Directors

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

Dr. LIU Zhiwei was appointed as a non-executive director of the Company with effect from 1 December 2015 and Dr. LIU is entitled to an annual remuneration of HK\$250,000.

In accordance with Article 113 of the Company's Articles of Association, Mr. KWONG Che Keung Gordon, Prof. HE Jia, Mr. WANG Xiaojun and Dr. LIU Zhiwei 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' REPORT

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' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Save as disclosed in the paragraph headed "Connected transactions" in this report and in notes 18 and 25 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 2016, the interests and short positions of the Directors and chief executive of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares and underlying shares of the Company:

Name of director	Capacity in which interests are held	Number of ordinary shares/ underlying shares held in the Company			Total interests	Total interests as to % to the issued share capital of the Company as at 31 March 2016 (note 1)
		Interests in shares	Interests under equity derivatives			
Mr. ZHANG Zhi Ping (notes 2&3)	Interest of controlled corporation	359,800,000	–	359,800,000	19.54%	
Mr. ZHANG Gaobo (notes 2&3)	Interest of controlled corporation	359,800,000	–	359,800,000	19.54%	

DIRECTORS' REPORT

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

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

Notes:

- (1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 1,841,396,000 shares as at 31 March 2016.
- (2) This represented an aggregate of 330,000,000 shares held by Otness Investments Limited ("OIL") and 29,800,000 shares held by Oriental Patron Financial Services Group Limited ("OPFSG").
- (3) OIL is a wholly owned subsidiary of Oriental Patron Financial Group Limited ("OPFGL"), while 95% of the issued share capital of OPFSG 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 OPFSG.

Save as disclosed above, as at 31 March 2016, none of the Directors or chief executive had any interest or short positions in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 March 2016, 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:

Name of shareholder	Capacity in which interests are held	Number of ordinary shares/ underlying shares held in the Company			Total interests	Total interests as to % to the issued share capital of the Company as at 31 March 2016 (note 1)
		Interests in shares	Interests under equity derivatives			
OIL (note 3)	Beneficial owner	330,000,000	–	330,000,000	17.92%	
OPFGL (notes 2&3)	Interest of controlled corporation	359,800,000	–	359,800,000	19.54%	
Dr. LIU Zhiwei	Beneficial Owner	182,330,000	–	182,330,000	9.90%	
Bestone Asset Management Co., Ltd (note 4)	Beneficial owner	170,000,000	–	170,000,000	9.23%	
21st Century Champion Limited (note 4)	Interest of controlled corporation	170,000,000	–	170,000,000	9.23%	
Ms. WANG Juan (note 4)	Interest of controlled corporation	170,000,000	–	170,000,000	9.23%	

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)

Name of shareholder	Capacity in which interests are held	Number of ordinary shares/ underlying shares held in the Company			Total interests	Total interests as to % to the issued share capital of the Company as at 31 March 2016 (note 1)
		Interests in shares	Interests under equity derivatives			
Ms. YANG Fuyi	Beneficial Owner	163,574,500	–	163,574,500	8.88%	
Grand Link Finance Limited (note 5)	Beneficial owner	158,244,000	–	158,244,000	8.59%	
Mr. WANG Delian (note 5)	Interest in controlled corporation	158,244,000	–	158,244,000	8.59%	
Mr. GENG Shuanghua	Beneficial owner	106,100,000	–	106,100,000	5.76%	

Notes:

- (1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 1,841,396,000 shares as at 31 March 2016.
- (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.
- (4) This represented 170,000,000 shares held by Bestone Asset Management Co., Ltd ("Bestone Asset Management"). Ms. Wang Juan ("Ms. Wang") owns 100% of the total issued share capital in 21st Century Champion Limited ("21st Century Champion") while 21st Century Champion owns 100% of the issued share capital in Bestone Asset Management. By virtue of the SFO, each of Ms. Wang and 21st Century Champion is deemed to be interested in the shares held by Bestone Asset Management.
- (5) This represented 158,244,000 shares held by Grand Link Finance Limited ("GLFL"). Mr. Wang Delian ("Mr. Wang") owns 100% of the total issued share capital in GLFL. By virtue of the SFO, Mr. Wang is deemed to be interested in the shares held by GLFL.

Save as disclosed above, as at 31 March 2016, 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.

DIRECTORS' REPORT

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 25 to the consolidated financial statements and employment contracts, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

CONNECTED TRANSACTIONS

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing his findings and conclusions in respect of the continuing connected transactions of the Group in accordance with paragraph 14A.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 existing investment management agreement (the "Existing Investment Management Agreement") dated 24 February 2014, the Company has re-appointed Oriental Patron Asia Limited ("OPAL") as its investment manager ("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 Existing Investment Management Agreement, the Company will pay OPAL a monthly management fee at 1.5% per annum of the NAV as at the immediately preceding Valuation Date as defined in the Existing 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 Existing 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 2015, 31 March 2016 and ending 31 March 2017. The cap amount for the year ended 31 March 2016 was HK\$72,000,000 (2015: HK\$36,000,000). During the Year, the aggregated management fees paid/payable by the Company under the Existing Investment Management Agreement to OPAL amounting to HK\$33,402,000 (2015: HK\$19,557,000).

As a result of the completion of the placing ("Placing") in August 2015, the Company raised net proceeds of HK\$1.32 billion and the existing approved annual caps for the year ending 31 March 2017 under the Existing Investment Management Agreement might not be sufficient. Hence, the Company proposed to early terminate the Existing Investment Management Agreement and entered into a new investment management agreement ("New Investment Management Agreement") with the Investment Manager on 3 March 2016. The terms of the New Investment Management Agreement was approved by Shareholders on the extraordinary general meeting of the Company held on 13 May 2016 ("Commencement Date") and the New Investment Management Agreement has replaced the Existing Investment Management Agreement for a term effective from the Commencement Date until 31 March 2019. The terms of the New Investment Management Agreement were disclosed in the Company's announcement and circular to Shareholders on 3 March 2016 and 25 April 2016 respectively.

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 OPFSG. The Directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo had significant influence in OPFSG. Accordingly the services rendered under the Existing Investment Management Agreement constituted non-exempt continuing connected transactions of the Company.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (continued)

(b) Non-exempt connected transactions

Placing Agreement

Pursuant to the placing agreement (the "Placing Agreement") signed between the Company and Oriental Patron Securities Limited ("OPSL") on 1 June 2015, the Company appointed OPSL as its placing agent to procure subscribers for the placement of the Company's ordinary shares ("the Placed Shares") on a best effort basis. Pursuant to the Placing Agreement, the Company will pay OPSL a commission of 2% of the aggregate placing price of the Placed Shares. The terms of the Placing Agreement were disclosed in the Company's announcement on 2 June 2015.

On 4 August 2015, the Company completed its placement of 900,000,000 Placed Shares at HK\$1.50 per share. The commission paid to OPSL amounting to HK\$27,000,000.

OPSL is an indirect non-wholly-owned subsidiary of OPFGL and OPFGL is a Substantial Shareholder of the Company and was indirectly interested in 359,800,000 Shares of the Company (representing approximately 19.54% of the total issued share capital of the Company). OPSL is an associate of OPFGL and is, therefore, a connected person of the Company under Chapter 14A of the Listing Rules. The transaction between the Company and OPSL under the Placing Agreement, i.e. the engagement of OPSL as placing agent constituted non-exempt connected transaction of the Company under Chapter 14A of the Listing Rules.

(c) 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\$363,363 for the period from 1 April 2015 to 31 March 2016. 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\$4,360,356 (2015: HK\$2,893,176).

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 connected transaction and 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 Existing Investment Management Agreement, the Placing 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.

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

Custodian agreement

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

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

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (continued)

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

Advisory service mandate

On 3 March 2016, the Company and OPAL entered into a mandate ("Mandate") of which OPAL acted as a compliance advisor of the Company regarding the advisory services provided to the Company for adopting the share option scheme of the Company and preparing documents for the New Investment Management Agreement for a service fee of HK\$350,000.

OPAL, being the Investment Manager of the Company is regarded as a connected person of the Company by virtue of Chapter 21.13 of the Listing Rules. In addition, OPAL is a wholly-owned subsidiary of OPFSG. The executive Directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo had significant influence in OPFSG. Accordingly the Mandate constituted a de-minimis connected transaction of the Company under Chapter 14A of the Listing Rules.

Securities brokerage commission

During the Year, the Company placed orders for buying shares in listed companies through its securities trading account maintained with OPSL and a brokerage commission of 0.25% was charged by OPSL for each transaction ("Transaction") proceeds. The total brokerage fee paid by the Company to OPSL for the Year amounted to HK\$540,000.

OPSL is an indirect non-wholly-owned subsidiary of OPFGL and OPFGL is a substantial shareholder of the Company and was indirectly interested in 359,800,000 Shares of the Company (representing approximately 19.54% of the total issued share capital of the Company). OPSL is an associate of OPFGL and is, therefore, a connected person of the Company under Chapter 14A of the Listing Rules. The securities brokerage commission constituted a de-minimis connected transaction of the Company under 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 18 and 25 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 54.

Important events after the end of the financial year

Please refer to note 29 to the consolidated financial statements on page 93.

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.

DIRECTORS' REPORT

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 Interests", 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.

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

During the Year, the Company has involved in raising funds for supporting community services by encouraging its staff to participate in Dress Casual Day which was launched by The Community Chest ("The Chest") in October 2015. All donations from the Company was earmarked for supporting "Community Development and Other Services" provided by The Chest's member social welfare agencies. Moreover, the Company has provided sponsorship for preparing and organizing an education forum – 年會 • 鏡鑒與前瞻 which was launched by 上海金融與法律研究院 in China. The Company has donated altogether a total of HK\$1,756,000 for the above community services and education sponsorship throughout the Year.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Company are set out in note 26 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 risk management and internal control systems of the Company.

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

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

AUDITOR

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

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

On behalf of the Board

OP Financial Investments Limited

ZHANG Zhi Ping

Chairman

Hong Kong SAR, 27 June 2016

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Company and its board (the “Board”) of Directors strongly believes that strict adherence to the highest governance standards is vital to fulfilling its corporate responsibilities as a listed company. The Directors and employees all 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 Listing Rules have been adopted to shape our corporate governance structure. This corporate governance report (“Corporate Governance Report”) describes how the principles of the CG Code were applied during the Year under different aspects.

CORPORATE GOVERNANCE CODE COMPLIANCE

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

As mentioned in the Company’s interim report for the period from 1 April 2015 to 30 September 2015 and that Code Provision A.6.7 of the CG Code provided that, the independent non-executive directors and other non-executive directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. During the Year, all Directors attended the annual general meeting of the Company which was held on 27 August 2015 (“AGM”). However, one of the independent non-executive Directors (“INEDs”), namely, Mr. Wang Xiaojun, did not attend the extraordinary general meeting of the Company which was held on 16 July 2015 (“EGM”) due to other business commitment on urgent basis. Despite the fact that Mr. Wang Xiaojun did not attend the EGM, all executive Directors, namely Mr. Zhang Zhi Ping and Mr. Zhang Gaobo and all other INEDs, namely Mr. Kwong Che Keung Gordon and Prof. He Jia did attend the EGM.

The attendance of each Director, by name, at the board, committees’ and general meetings is set out in the subsection headed “Meetings” on page 25.

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 six members. Two of the members are executive Directors, one of them is non-executive Director (“NED”) and the remaining three members are INEDs who are either legal professional or accounting or financial experts.

The Board’s constitution is governed by Article 105 of the Articles of the Company 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)

There is no relationship (including financial, business, family or other material relationship) among members of the Board. The list of Directors and their biographies (including their roles and functions at the Company) are set out in the Biographical Details of Directors and Senior Management section of this Annual Report, and are available on the Company's website.

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, risk management and internal control systems, appointment and retirement of directors and other significant financial and operational matters. It will regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time to perform his duties.

The executive Directors are responsible for overseeing the day-to-day management of the Group's operations and implementation of the strategies set by the Board. The INEDs 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 of 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 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 annual general meeting. The Board and the Nomination Committee further consider that all INEDs remain independent, notwithstanding their length of tenure. They continue to demonstrate the attributes of an INED noted above and there is no evidence that their tenure has had any impact on their independence. The Board and the Nomination Committee believe that their detailed knowledge and experience of the Group's business and their external experience continue to be of significant benefit to the Company and that they maintain an independent view of its affairs.

Continuous Professional Development

Directors' training is an ongoing process. During the Year, regulatory updates and relevant materials on amendments to the Listing Rules and 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. All Directors have confirmed they have read the materials provided by the Company and/or attended seminars throughout the Year.

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, 22 executive Board meetings, 5 full Board meetings, 3 Audit Committee's meetings, 3 Remuneration Committee's meetings, 2 Nomination Committee's meetings, 2 CG Committee's meetings, and 1 annual general meeting and 1 extraordinary general meeting were held. The attendance record of each Director was as follows:

Name of Directors	Meetings attended/held						
	General Meeting (Note 1)	Executive Board (Note 1)	Full Board (Notes 1 & 2)	Audit Committee (Note 1)	Remuneration Committee (Notes 1 & 3)	Nomination Committee (Note 1)	CG Committee (Note 1)
Executive Directors							
ZHANG Zhi Ping	2/2	22/22	5/5	N/A	1/3	2/2	2/2
ZHANG Gaobo	2/2	22/22	5/5	N/A	1/3	2/2	2/2
Non-executive Director							
LIU Zhiwei (Note 4)	N/A	N/A	2/2	N/A	1/3	N/A	N/A
Independent non-executive Director							
KWONG Che Keung Gordon	2/2	N/A	5/5	3/3	3/3	2/2	2/2
HE Jia	2/2	N/A	5/5	3/3	3/3	2/2	2/2
WANG Xiaojun	1/2	N/A	5/5	3/3	3/3	2/2	2/2

Notes:

- (1) The attendance figure represents actual attendance/the number of meetings a director is entitled to attend.
- (2) The Board held five regular meetings during the Year.
- (3) Each of Mr. ZHANG Zhi Ping, Mr. ZHANG Gaobo and Dr. LIU Zhiwei attended one of the Remuneration Committee's meetings as invitees throughout the Year.
- (4) Dr. LIU Zhiwei was appointed as a NED of the Company with effect from 1 December 2015.

Performance Evaluation

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

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

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

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

The Committees’ terms of reference are reviewed and updated regularly to ensure they continue to be at the forefront of best practice, and they are available on the Company’s website. Each Committee’s membership is also reviewed by the Board annually. The member lists of the Committees are set out below in this Corporate Governance Report. The attendance record of the Committee members for the Year is shown on page 25 of this Annual Report.

Audit Committee

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

The major duties of the Audit Committee under its terms of reference adopted by a resolution of the Board passed on 26 February 2003 and amended by a resolution of the Board passed on 3 March 2016 include overseeing the relationship between the Company and its external auditors, monitoring the integrity of the financial statements, annual and interim reports and reviewing significant financial reporting judgments contained therein, monitoring compliance with statutory and the Listing Rules requirements in relation to financial reporting and reviewing the Group’s financial controls, internal controls and risk management systems.

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

- made recommendations to the Board on the re-appointment 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 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 judgments contained in them;
- held two meetings with the external auditors;
- considered matters separately raised by external auditor in sessions without the presence of management;
- reviewed and discussed the risk management and internal control systems with the management to ensure that management has performed its duty to have effective systems;
- reviewed and discussed the adequacy of resources, staff qualifications and experience, training programs and budget for the Group’s accounting and financial reporting functions; and
- reviewed, considered and recommended to the Board for adopting the revised Audit Committee’s terms of reference.

Further details of the Company’s risk management and internal control systems are set out on page 30 of this Annual Report.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (continued)

Remuneration Committee

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

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

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

- made recommendations to the Board on the remuneration packages of individual executive Directors and Senior Management for the financial year ending 31 March 2017;
- reviewed the Company's existing remuneration policy;
- considered and made recommendations to the Board on adoption of the supplemental remuneration policy of the Company; and
- considered and made recommendations to the Board on adoption of new share option scheme of the Company

The remuneration of the members of the senior management by band for the Year is set out on page 67.

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.

Following a formal, rigorous and transparent process implemented and led by the Nomination Committee, the Board appointed Dr. LIU as NED of the Company with effect from 1 December 2015 and he will be subject to election by Shareholders at the forthcoming annual general meeting.

The Nomination Committee has also reviewed the structure, size and composition of the Board, assessed the independence of INEDs and made recommendations on the re-appointment of retiring Directors to the Board. Details of re-appointments were set out in the circular of the Company dated 30 July 2015 and all re-appointments were approved by the Shareholders at the AGM held on 27 August 2015.

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 2015 and the interim report for the period from 1 April 2015 to 30 September 2015. 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.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced, clear and understandable assessment in annual and interim reports and other financial disclosures required under the Listing Rules and other regulatory requirements.

The Directors have acknowledged their responsibility for the preparation of the accounts for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Hence the Board has decided that it is appropriate to prepare the financial statements on a going concern basis.

The Company Secretary provides the Board with sufficient explanation and information, such as the Group's major business activities and key financial information, to enable the Board to make an informed assessment of the financial information and position of the Company put before the Board for approval.

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\$965,000 (2015: HK\$855,000) and HK\$325,000 (2015: HK\$285,000) 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 31.

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 an associate 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.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meeting

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

- any two or more members of the Company; or
- any one member of the Company which is a 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 requisitioner, provided that such requisitioner held as at the date of deposit of the requisition not less than 25% of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS (continued)

Convening of Extraordinary General Meeting (continued)

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

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

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

Shareholder Communication Policy

The Board is accountable to the Shareholders for the Company's performance and activities. It 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 "Shareholder Communication Policy" are available on the Company's website.

INVESTOR RELATIONS

Constitutional Documents

There were changes in the Company's constitutional documents during the Year. Details of the changes were set out in the circular of the Company dated 30 July 2015 and all changes were approved by the Shareholders at the AGM held on 27 August 2015.

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 27 August 2015. 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.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

During the Year, the outsourced internal auditor, Regent Corporate Risk Advisory Limited, responsible for the review and appraisal on the effectiveness of financial, operational and compliance controls and risk management of the Group, provided reports to the Audit Committee on an annual basis with highlighting observations and recommendations to improve the risk management and internal control systems. The Audit Committee reviewed the adequacy of the scope, functions, competency and resources of the outsourced internal audit functions.

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.

The Board, through the Audit Committee, reviewed the overall effectiveness of the Group's risk management and internal control systems during the Year, including financial, operational, compliance and risk management. The Board is of the view that the existing risk management and internal control systems are effective and adequate to the Group.

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 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 the 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 set out on pages 32 to 93, which comprise the consolidated statement of financial position as at 31 March 2016, 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, 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 financial position of the Company and its subsidiaries as at 31 March 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 June 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Note	2016 HK\$'000	2015 HK\$'000
Revenue	6	29,492	31,805
Other income	7	–	637
Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss			
– Classified as held for trading		21,067	13,236
– Designated as such upon initial recognition		(3,685)	(1,652)
Net realised gain on disposal of investments		17,382	11,584
Impairment loss on available-for-sale financial assets		89,358	4,242
Equity-settled share-based payments	21	(34,334)	(90,309)
Operating and administrative expenses		(8,953)	(1,142)
		(71,310)	(44,574)
Profit/(loss) from operations		21,635	(87,757)
Share of results of investments accounted for using equity method	15	23,918	89,520
Impairment loss on investment in an associate		(1,416)	–
Profit before tax		44,137	1,763
Taxation	9	20	(4,714)
Profit/(loss) for the Year	10	44,157	(2,951)
Other comprehensive income			
<i>Items that may be reclassified to profits or loss</i>			
Exchange differences		–	(55)
Available-for-sale financial assets:			
– Fair value changes		(36,444)	(99,172)
– Impairment loss	16	34,334	90,309
Share of other comprehensive income of investments accounted for using equity method			
– Fair value changes of available-for-sale financial assets		(2,086)	(2,071)
– Exchange differences		(307)	91
Other comprehensive income for the Year, net of tax		(4,503)	(10,898)
Total comprehensive income for the Year		39,654	(13,849)
Earnings/(loss) per share			
Basic	12(a)	2.88 cents	(0.31) cents
Diluted	12(b)	2.88 cents	(0.31) cents

The notes on pages 37 to 93 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	Note	2016 HK\$'000	2015 HK\$'000
Non-current assets			
Property, plant and equipment	14	96	26
Investments accounted for using equity method	15	466,453	400,749
Available-for-sale financial assets	16	192,721	213,204
Financial assets at fair value through profit or loss	17	8,596	11,823
		667,866	625,802
Current assets			
Financial assets at fair value through profit or loss	17	274,934	143,862
Accounts and loans receivable	18	3,905	8,399
Interest receivables		804	770
Prepayments and other receivables		39,655	369
Bank and cash balances		1,670,548	513,375
		1,989,846	666,775
TOTAL ASSETS		2,657,712	1,292,577
Capital and reserves			
Share capital	20	184,140	94,140
Reserves		2,454,203	1,172,716
TOTAL EQUITY		2,638,343	1,266,856
Current liabilities			
Other payables		4,691	6,329
Tax payable		14,678	19,392
TOTAL LIABILITIES		19,369	25,721
TOTAL EQUITY AND LIABILITIES		2,657,712	1,292,577
NET ASSETS		2,638,343	1,266,856
Net asset value per share	22	HK\$1.43	HK\$1.35

The notes on pages 37 to 93 form an integral part of these consolidated financial statements.

Approved by the Board of Directors on 27 June 2016.

ZHANG Zhi Ping
Director

ZHANG Gaobo
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Note	Reserves							Total HK\$'000
		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	Dividend Paid HK\$'000	
At 1 April 2014		94,140	965,683	19,040	16,161	(36)	184,561	47,070	1,326,619
Vesting of share options	21	-	-	1,142	-	-	-	-	1,142
Vested share options forfeited	21	-	-	(1,705)	-	-	1,705	-	-
Share of reserve movement of associate		-	-	17	-	-	-	-	17
Share repurchase		-	(3)	-	-	-	-	-	(3)
Total comprehensive income for the year		-	-	-	(10,934)	36	(2,951)	-	(13,849)
Dividend paid	11	-	-	-	-	-	-	(47,070)	(47,070)
At 31 March 2015 and 1 April 2015		94,140	965,680	18,494	5,227	-	183,315	-	1,266,856
Vesting of share options	21	-	-	14,842	-	-	-	-	14,842
Unvested share options forfeited	21	-	-	(5,889)	-	-	-	-	(5,889)
Share options lapsed	21	-	-	(11,427)	-	-	11,427	-	-
Issue of new shares	20	90,000	1,232,880	-	-	-	-	-	1,322,880
Total comprehensive income for the Year		-	-	-	(4,196)	(307)	44,157	-	39,654
At 31 March 2016		184,140	2,198,560	16,020	1,031	(307)	238,899	-	2,638,343

The notes on pages 37 to 93 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	2016 HK\$'000	2015 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	44,137	1,763
Adjustments for:		
Dividend income	(4,493)	(9,099)
Interest income	(9,495)	(7,181)
Exchange differences	39	466
Depreciation	17	11
Realised gain on redemption of investment funds	(15,265)	(4,242)
Realised gain on disposal of listed securities	(7,269)	–
Realised gain from capital return on investment in a joint venture	(66,824)	–
Net change in unrealised gain on financial assets at fair value through profit or loss	(17,382)	(11,584)
Impairment loss on available-for-sale financial assets and investments accounted for using equity method	35,750	90,309
Share of results of investments accounted for using equity method	(23,918)	(89,520)
Equity-settled share-based payments	8,953	1,142
Operating loss before working capital changes	(55,750)	(27,935)
Net proceeds on disposal of listed securities	16,837	–
Distribution from capital return on investment in a joint venture	285,650	–
Net redemption of unlisted investment funds	97,376	253,809
Purchase of financial assets at fair value through profit or loss	(202,180)	–
Purchase of available-for-sale financial assets	(15,961)	–
Purchase of investment accounted for using equity method	–	(197,000)
Increase in accounts receivable	(6)	(31)
(Increase)/decrease in prepayments and other receivables	(548)	92
Increase/(decrease) in other payables	1,695	(8,596)
Cash generated from operations	127,113	20,339
Dividend received	49,671	34,643
Interest received	9,461	7,142
Tax paid	(4,694)	–
Net cash generated from operating activities	181,551	62,124
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquire equity interest of associate	(351,671)	(1,264)
Loan repayment received from an associate	1,500	–
Other loan repayment received	3,000	–
Purchase of property, plant and equipment	(87)	(16)
Net cash used in investing activities	(347,258)	(1,280)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	2016 HK\$'000	2015 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from placement of shares	1,322,880	–
Share repurchase	–	(4)
Dividend paid	–	(47,070)
Net cash generated from/(used in) financing activities	1,322,880	(47,074)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,157,173	13,770
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	513,375	500,132
EXCHANGE LOSS ON CASH AND CASH EQUIVALENTS	–	(527)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,670,548	513,375
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	1,670,548	513,375

For major non-cash transactions, please refer to note 23.

The notes on pages 37 to 93 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 28 and 15 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”) has adopted all the relevant new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are currently in issue and effective for its accounting year beginning on 1 April 2015. 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.

- “Annual Improvements to HKFRSs 2010–2012 Cycle” and “Annual Improvements to HKFRSs 2011–2013 Cycle”, effective for the accounting period on or after 1 July 2014, include a number of amendments to various HKFRSs. None of the amendments are expected to have an impact to the Group except for amendment to HKFRS 8 “Operating segment”, amendments to HKAS 24 “Related Party Disclosures” and amendment to HKFRS 13 “Fair value measurement”. The impact of these three amendments are summarised below:

The amendment to HKFRS 8 requires disclosure of the judgements made by management in aggregating operating segments and a reconciliation of segment assets to the entity’s assets when segment assets are reported. The amendment does not have material impact to the Group.

The amendments to HKAS 24 state that the reporting entity is not required to disclose the compensation paid by the management entity (as a related party) to the management entity’s employee or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided. The amendments do not have material impact to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

(continued)

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

The amendment to HKFRS 13 clarifies that the portfolio exception in HKFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of HKAS 39 or HKFRS 9. The amendment does not have material impact to the Group.

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

(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 (“OCI”) 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 OCI not recycling. 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 2018 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 2016

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 clarify the application of the consolidation exception for investment entities and their subsidiaries. The amendments to HKFRS 10 clarify 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 clarify 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 confirm 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 allow 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 allow 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.
- HKFRS 16 "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces HKAS 17 "Leases", and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. The Group is assessing the impact of HKFRS 16.

There are no other HKFRS or HK(IFRIC) 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 2016

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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 2016.

(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 2016

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 2016

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 2016

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 17(d).

(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 Board that makes strategic decisions.

(c) Foreign currency translation

(i) Functional and presentation currency

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

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign currency translation (continued)

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

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.

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

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%

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 amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial assets (continued)

(i) Classification (continued)

Available-for-sale financial assets

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

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are 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 2016

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 2016

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 2016

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 investment projects and its additional effort to monitor such 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 receivables are recognised using the original effective interest rate.

(l) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. 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 2016

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 or lapsed 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 and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 the consolidated statement of comprehensive income on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 2016

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, 16 and 17 to the consolidated financial statements, the Group selects appropriate valuation techniques for financial instruments not quoted in an active market. The fair values of unlisted investments are determined in accordance with generally accepted pricing models such as Discounted Cash Flow Method. The values assigned to these unlisted investments are based upon available information and do not necessarily represent amounts which might ultimately be 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 21. 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 2016

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\$30,422,000 and HK\$90,309,000 for the years ended 31 March 2016 and 2015 respectively. Please refer to note 16 "Available-for-sale financial assets" for more details.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Group	
	2016 HK\$'000	2015 HK\$'000
Financial assets		
Available-for-sale financial assets	192,721	213,204
Financial assets at fair value through profit or loss		
Classified as held for trading	274,934	143,862
Designated as such upon initial recognition	8,596	11,823
Loans and receivables		
Accounts, loans receivables and others	44,364	9,538
Bank deposits and cash balances	1,670,548	513,375
Financial liabilities		
Amortised cost	19,369	25,721

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 2016, the Group exposure to foreign currency risk from its bank balances (2015: bank balances). These assets were denominated in RMB and the maximum exposure to foreign currency risk was RMB55,000, equivalent to HK\$66,000 (2015: RMB691,000, equivalent to HK\$864,000).

Sensitivity analysis

At 31 March 2016, if the RMB exchange rate has been 50 basis points higher/lower with all other variables held constant, the profit for the Year would have increased/decreased by approximately HK\$300 (2015: HK\$4,000).

At 31 March 2016, 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 (2015: bank deposits and loans receivable). At 31 March 2016, the Group's interest-bearing assets was HK\$1,670,548,000 (2015: HK\$516,375,000). 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 2016, if the interest rates had been 25 basis points higher/lower with all other variables held constant, profit for the Year would have increased/decreased by approximately HK\$4,176,000 (2015: HK\$1,283,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 2016, if the price of the Group's financial assets at fair value through profit or loss and the Group's available-for-sale financial assets had been 10% higher/lower with all other variables held constant, the profit for the Year would have increased/decreased by approximately HK\$28,353,000 (2015: approximately HK\$15,569,000) and the investment revaluation reserve would have increased/decreased by approximately HK\$19,272,000 (2015: HK\$21,320,000).

(iv) Credit risk

At 31 March 2016, 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 2016, the Group had less concentration of credit risk by geographical location and by customer than the previous year. 9% of its receivables was due from one investment partner in the Mainland China (2015: 42% due from one investment partner in the Mainland China). The maximum exposure to credit risk on this investment partner was HK\$3,877,000 (2015: HK\$3,877,000). However, the directors consider that the credit risk associated with the counterparty is limited as:

- the 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 2016

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 2016, the Group held cash and cash equivalents of HK\$1,670,548,000 (2015: HK\$513,375,000) 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
<hr/>	
At 31 March 2016	
Tax and other payables	19,369
<hr/>	
At 31 March 2015	
Tax and other payables	25,721
<hr/>	

(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 continue to use bid 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.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

Disclosures of level in fair value hierarchy at 31 March 2016

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	251,226	–	–	251,226
Unlisted investment funds	–	23,708	8,596	32,304
Available-for-sale financial assets				
Listed securities	7,662	–	–	7,662
Unlisted equity investments	–	–	185,059	185,059
Total	258,888	23,708	193,655	476,251

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

Description	Year ended 31 March 2016		
	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Total
	Unlisted investment funds HK\$'000	Unlisted equity investments HK\$'000	
At the beginning of the Year	11,823	201,975	213,798
Total gains or losses recognised			
– in profit or loss (#)	(3,684)	–	(3,684)
– in other comprehensive income	–	(32,877)	(32,877)
Purchases/Additions	3,101	15,961	19,062
Disposals/Distributions	(2,644)	–	(2,644)
At the end of the Year	8,596	185,059	193,655
(#) 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	(3,684)	–	(3,684)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

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:

Description	Year ended 31 March 2015		Total HK\$'000
	Financial assets at fair value through profit or loss Unlisted investment funds HK\$'000	Available- for-sale financial assets Unlisted equity investments 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)

For financial assets 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".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 16 and note 17). 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 2016 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)	22,929	Discounted cash flow	Discount rate	13.57%	Higher the discount rate, lower the fair value
			Growth rate/ long-term growth rate	6.61%/3%	Higher the growth rate, higher the fair value
Thrive World Limited (equity interest)	131,295	Discounted cash flow	Discount rate	14.94%	Higher the discount rate, lower the fair value
			Forecasted oil price	US\$42.7 to US\$67.5 per barrel for 2016 to 2019	Higher the oil price, higher the fair value
Dance Biopharm Holdings Inc. (equity interest)	21,268	Latest transaction price	N/A	N/A	N/A
Jin Dou Development Fund, L.P. (partnership interest)	5,559	Share of net assets	N/A	N/A	N/A
OP Vision L.P. (partnership interest)	4,008	Share of net assets	N/A	N/A	N/A
Financial assets at fair value through profit or loss					
Real Estate Opportunity Capital Fund (partnership interest)	5,668	Share of net assets	N/A	N/A	N/A
Zhong Wei Capital L.P. (partnership interest)	2,928	Share of net assets	N/A	N/A	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

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
			Forecasted 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

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 2016

6. REVENUE

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

	2016 HK\$'000	2015 HK\$'000
Dividend income from unlisted investments	4,493	9,099
Performance premium from an investment partner	15,504	15,525
Interest income	9,495	7,181
	29,492	31,805

7. OTHER INCOME

	2016 HK\$'000	2015 HK\$'000
Sundry income	–	637

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:

	2016 HK\$'000	2015 HK\$'000
Revenue		
Hong Kong	9,653	15,204
China	15,541	15,675
Other countries	4,298	926
	29,492	31,805

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

8. SEGMENT INFORMATION (continued) Non-current assets other than financial instruments

	2016 HK\$'000	2015 HK\$'000
Hong Kong	114,878	178,617
China	351,671	–

Information about major investments:

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\$15,504,000 (2015: HK\$15,525,000) and HK\$4,298,000 (2015: HK\$7,674,000) respectively.

9. TAXATION Hong Kong

- (a) Hong Kong Profits Tax has been provided at a rate of 16.5% (2015: 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.

	2016 HK\$'000	2015 HK\$'000
Hong Kong Profits Tax	–	4,714
Over-provision of Hong Kong Profits Tax for previous year	(20)	–
	(20)	4,714

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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:

	2016 HK\$'000	2015 HK\$'000
Profit before tax	44,137	1,763
Tax calculated at domestic tax rates applicable to profits in the respective countries	7,283	291
Tax effect of income that is not taxable	(26,671)	(20,042)
Tax effect of expenses that are not deductible	17,664	18,876
Tax effect of deemed taxable profits	–	4,994
Tax effect of temporary differences not recognised	(11)	(2)
Tax effect of tax losses not recognised	2,326	727
Tax effect of utilisation of tax losses not previously recognised	(591)	(130)
Over-provision of Hong Kong Profits Tax for previous year	(20)	–
Income tax	(20)	4,714

10. PROFIT/LOSS FOR THE YEAR

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

	2016 HK\$'000	2015 HK\$'000
Auditor's remuneration		
– Audit	1,075	861
– Others	325	285
Depreciation	1,400	1,146
Investment management fee	17	11
Operating lease payments in respect of office premises	33,402	19,557
Staff costs (including directors' emoluments)		
Salaries and other benefits	4,416	2,893
Retirement benefits scheme contributions	21,833	17,719
Equity-settled share-based payments	310	227
	8,953	1,142
	31,096	19,088

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

11. DIVIDENDS

The Directors recommend the payment of a final dividend of HK 2.5 cents per ordinary share for the Year to the shareholders whose names are registered on the register of members of the Company on 7 September 2016. Subject to the approval of shareholders of the Company at the Annual General Meeting to be held on 31 August 2016, the final dividend will be payable on or about 15 September 2016.

12. EARNINGS/LOSS PER SHARE

(a) Basic earnings/loss per share

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

	2016	2015
Profit/(loss) for the Year (HK\$'000)	44,157	(2,951)
Weighted average number of ordinary shares in issue (in thousand)	1,534,019	941,397
Basic earnings/(loss) per share	2.88 cents	(0.31) cents

(b) Diluted earnings/loss per share

Diluted earnings/loss per share for both years were the same as the basic earnings/loss 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 in respect of their services as a director, whether of the Company or its subsidiary undertaking during the Year were as follows:

Name of director	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement	Total HK\$'000
			benefits contributions HK\$'000	
<i>Executive directors</i>				
ZHANG Zhi Ping	–	130	6	136
ZHANG Gaobo	–	130	7	137
<i>Non-executive directors</i>				
LIU Zhiwei	83	–	–	83
<i>Independent non-executive directors</i>				
KWONG Che Keung, Gordon	250	–	–	250
HE Jia	250	–	–	250
WANG Xiaojun	250	–	–	250
	833	260	13	1,106

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

(a) Directors' emoluments (continued)

The emoluments paid or payable to directors in respect of their services as a director, whether of the Company or its subsidiary undertaking during the year ended 31 March 2015 were as follows:

Name of director	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors</i>				
ZHANG Zhi Ping	–	130	7	137
ZHANG Gaobo	–	130	6	136
<i>Independent non-executive directors</i>				
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:

	2016 Number of directors	2015 Number of directors
Nil – HK\$1,000,000	6	5

(b) Senior management's emoluments

Of the five individuals whose emoluments were the highest in the Group for the Year, none of them (2015: 0) was a director. The emoluments of the 5 highest paid individuals (2015: 5) are as follows:

	2016 HK\$'000	2015 HK\$'000
Salaries and other benefits	12,436	8,022
Retirement benefits scheme contributions	87	87
Discretionary bonuses	2,830	4,880
	15,353	12,989

During the year ended 31 March 2016 and 31 March 2015, 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 2016

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:

	2016 Number of individuals	2015 Number of individuals
Nil – HK\$1,000,000	–	1
HK\$1,000,001 – HK\$1,500,000	–	1
HK\$1,500,001 – HK\$2,000,000	1	–
HK\$2,000,001 – HK\$2,500,000	1	–
HK\$2,500,001 – HK\$3,000,000	–	1
HK\$3,000,001 – HK\$3,500,000	1	–
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

	Computer equipment HK\$'000	Office equipment HK\$'000	Furniture HK\$'000	Total HK\$'000
Cost				
At 1 April 2014	82	11	72	165
Additions	12	–	4	16
At 31 March 2015	94	11	76	181
Additions	62	–	25	87
At 31 March 2016	156	11	101	268
Accumulated depreciation				
At 1 April 2014	62	10	72	144
Charge for the year	9	1	1	11
At 31 March 2015	71	11	73	155
Charge for the Year	16	–	1	17
At 31 March 2016	87	11	74	172
Carrying amount				
At 31 March 2016	69	–	27	96
At 31 March 2015	23	–	3	26

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	2016 HK\$'000	2015 HK\$'000
Associates	466,453	178,591
Joint venture	–	222,158

Details of the Group's associates at 31 March 2016 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 (2015: 60,800,000) ordinary shares of HK\$1 each	24% (Note 1) (2015: 24%)	Asset management and investment holding	61,264 (2015: 61,264)	104,682 (2015: 166,278)	104,682 (2015: 166,278)
Guotai Junan Fund Management Limited ("Guotai Junan")	Corporate	Hong Kong	2,990,000 (2015: 2,990,000) ordinary shares of HK\$1 each	29.9% (2015: 29.9%)	Asset management and trading in securities	2,990 (2015: 2,990)	7,039 (2015: 6,054)	7,039 (2015: 6,054)
OPIM Holdings Limited ("OPIMH")	Corporate	British Virgin Islands	3,000 (2015: –) ordinary shares	30% (Note 2) (2015: –)	Asset management	1,469 (2015: –)	965 (2015: –)	965 (2015: 502)
OP Investment Management Limited ("OPIM")	Corporate	Hong Kong	– (2015: 1,464,300) ordinary shares of HK\$1 each	– (Note 2) (2015: 30%)	Asset management	– (2015: 1,464)	– (2015: 995)	– (2015: 995)
OP Investment Management (Cayman) Limited ("OPIMC")	Corporate	Cayman Islands	– (2015: 600) ordinary shares of US\$1 each	– (Note 2) (2015: 30%)	Asset management	– (2015: 5)	– (2015: 5)	– (2015: 5)
Harmony Plus Holdings Limited ("Harmony Plus")	Corporate	British Virgin Islands	280 (2015: 280) ordinary shares of US\$1 each	20% (Note 3) (2015: 20%)	Investment holding	2,184 (2015: 2,184)	2,096 (2015: 2,184)	2,096 (2015: 2,184)
Miran Capital Management Limited ("MCM")	Corporate	Cayman Islands	29 (2015: 29) ordinary shares of US\$0.01 each	29% (Note 4) (2015: 29%)	Asset management	– (2015: –)	– (2015: 3,075)	– (2015: 3,075)
Treasure Up Ventures Limited ("TUVL")	Corporate	The Republic of Seychelles	50 (2015: –) ordinary shares of US\$1 each	25% (Note 5) (2015: –)	Investment holding	351,671 (2015: –)	351,671 (2015: –)	351,671 (2015: –)
South South Green Energy Limited ("SSGE")	Corporate	Hong Kong	3 (2015: 3) ordinary shares of HK\$1 each	30% (Note 6) (2015: 30%)	Dormant	– (2015: –)	– (2015: –)	– (2015: –)
Prodirect Investments Limited ("PIL")	Corporate	British Virgin Islands	– (2015: 3) ordinary shares of US\$1 each	– (Note 7) (2015: 30%)	Investment holding	– (2015: –)	– (2015: –)	– (2015: –)
Joint venture								
Grand Central Tian Di, L.P. ("Grand Central")	Limited partnership	Cayman Islands	– (2015: HK\$200,000,000) contribution	– (Note 8) (2015: 50%)	Investment holding	– (2015: 200,000)	– (2015: 222,158)	– (2015: 222,158)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

Notes:

- 1 During the Year, CSOP declared dividends and the Company was entitled to a total of HK\$83.9 million dividend. HK\$45.28 million was received in May 2015 while HK\$38.64 million remained receivable as at 31 March 2016.

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%.

- 2 In January 2016, for restructuring purpose, the then-shareholders of OPIM and OPIMC entered into sales and purchase agreements with OPIMH for share swaps. The Company swapped its holdings of 1,464,300 ordinary shares of OPIM, representing 30% of OPIM ordinary share capital, and 600 ordinary shares of OPIMC, representing 30% of OPIMC ordinary share capital, for a total of 3,000 ordinary shares of OPIMH, representing 30% of OPIMH ordinary shares after the transaction. After the restructuring, OPIM and OPIMC became wholly-owned subsidiaries of OPIMH. The Group's effective interest in OPIM and OPIMC remained unchanged throughout the process.

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

- 4 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.

On 11 June 2015, the Group redeemed all its seed capital in Miran Multi-Strategy Fund as part of its exit strategy on this investment. The Board believe the value of MCM would be largely reduced due to the redemption and decided to write-down the carrying value of MCM to zero. The written down value of approximately HK\$1,416,000 was recognised in profit or loss as impairment.

- 5 In January 2016, the Company, through a subsidiary, Prosper Gain Holdings Limited, entered into an investment agreement with a third party. Pursuant to the investment agreement, the Company (i) purchased 50 ordinary shares, representing 25% of ordinary share capital, of TUVL at a consideration of US\$50 from the third party; (ii) provided a US\$45.17 million, equivalent to approximately HK\$351.67 million, interest-free shareholder's loan to TUVL for the purpose of financing TUVL's acquisition of a 15.3% economic benefit in a trust company registered in PRC. The Board considered the shareholder's loan to be part of the investment cost of TUVL.

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

- 7 In January 2016, the Company disposed 3 ordinary shares of PIL to the major shareholder of PIL for US\$3.

- 8 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 an 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. 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, expect 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 2016. The discounted rate applied is 48.76%. The Group recognised the value of interest in Grand Central by equity method for the year ended 31 March 2015.

During the Year, the relevant interim financing was fully repaid to Grand Central by the third party and accordingly Grand Central distributed all of its reserves and returned the capital to its partners in an aggregated sum of HK\$580 million. OPFI GP(2) Limited utilised its shares of distributions of HK\$290 million for the redemption of the entire issue of 200 million non-voting preference shares. The distribution of HK\$66.8 million from the redemption of 197 million preference shares held by the Company was recognised in the profit or loss.

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For the year ended 31 March 2016

15. 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	2016 HK\$'000	2015 HK\$'000
At 31 March		
Total current assets	2,146,037	934,939
Total non-current assets	7,196	5,539
Total current liabilities	(107,912)	(196,063)
Total non-current liabilities	–	–
Net assets	2,045,321	744,416
Group's share of investments' net assets	466,453	178,591
Year ended 31 March		
Total revenue	407,118	562,619
Total profits for the Year	100,629	245,930
Other comprehensive income for the Year	(9,973)	(5,105)
Total comprehensive income for the Year	90,656	240,825
Group's share of investments' profits for the Year	23,918	67,362
Group's share of investments' other comprehensive income for the Year	(2,393)	(1,980)

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

Joint venture	2016 HK\$'000	2015 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 for the Year	–	–
Total comprehensive income for 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	–	–

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For the year ended 31 March 2016

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 HK\$'000	2015 HK\$'000
Listed equity securities, at fair value	7,662	11,229
Unlisted equity securities, at fair value	185,059	201,975
	192,721	213,204

Details of the Group's available-for-sale financial assets at 31 March 2016 and 2015 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 (2015: 132,110,000) ordinary shares of HK\$0.01 each	3.5% (2015: 5.0%)	133,745 (2015: 133,745)	7,662 (2015: 11,229)	(3,567) (2015: (5,417))	0.29% (2015: 0.87%)

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/OPIMC	Hong Kong/ Cayman Islands	1,000/100 (2015: 1,000/100) Class A and 1000/100 (2015: -/-) Class B non-voting preference shares	100% (2015: 100%)	22,345 (2015: 22,345)	22,929 (2015: 8,039)	4,112 (2015: (38,430))	0.86% (2015: 0.62%)
(c) Thrive World Limited ("TWL")	British Virgin Islands	10 (2015: 10) ordinary shares of USD1 each	10% (2015: 10%)	232,648 (2015: 232,648)	131,295 (2015: 162,062)	(30,767) (2015: (40,027))	4.94% (2015: 12.54%)
(d) Jin Dou Development Fund, L.P. ("Jin Dou")	Cayman Islands	US\$1,500,000 (2015: US\$1,500,000) contribution	1.48% (2015: 1.48%)	11,653 (2015: 11,653)	5,559 (2015: 6,295)	(736) (2015: (521))	0.21% (2015: 0.49%)
(e) Dance Biopharm Holdings Inc. ("Dance Holding")	Delaware, USA	548,531 (2015: -) common shares	3.72% (2015: -)	17,080 (2015: -)	21,268 (2015: -)	(4,311) (2015: -)	0.80% (2015: -)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

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
(e) Dance Biopharm Inc. ("Dance")	Delaware, USA	- (2015: 1,206,142) preference shares of USD0.0001 each	- (2015: 5.99%)	- (2015: 17,080)	- (2015: 25,579)	- (2015: (7,710))	- (2015: 1.98%)
(f) Valueworth Ventures Limited ("Valueworth")	British Virgin Islands	- (2015: 8) ordinary shares of US\$1 each	- (2015: 8%)	- (2015: <1)	- (2015: <1)	- (2015: (7,607))	- (2015: -)
(g) OP Vision L.P. ("OP Vision")	Cayman Islands	US\$667,000 (2015: -) contribution	66.7% (2015: -)	5,183 (2015: -)	4,008 (2015: -)	(1,175) (2015: -)	0.15% (2015: -)

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.

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 (2015: 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 was received during the Year (2015: Nil). The latest audited loss attributable to shareholders of Kaisun Energy for its year ended 31 December 2015 was approximately HK\$91,073,000 (year ended 31 December 2014: loss of HK\$201,452,000) and the audited net assets attributable to shareholders of Kaisun Energy at 31 December 2015 was approximately HK\$304,253,000 (31 December 2014: HK\$279,186,000). The fair value of the investment in Kaisun Energy ordinary shares is based on quoted market bid prices at the year-end date.

Impairment loss on the Group's investment in the ordinary shares of Kaisun Energy of HK\$3,567,000 was charged to the profit or loss for the Year (2015: HK\$5,417,000).

(b) The Company through a subsidiary, Suremind Investments Limited, holds 100% of the non-voting preference shares in OPIM and OPIMC. No dividend was declared and received during the Year (2015: Nil).

During the Year, both OPIM and OPIMC issued new class of preference shares, Class B, for the establishment of a new proprietary platform, targeting new fund managers with lower AUM threshold funds seeking fast and affordable Cayman fund structuring. The Group invested HK\$10,778,000 into this new business. As at 31 March 2016, this new business is still in early set-up stage. The original series of OPIM and OPIMC preference shares were renamed as Class A preference shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

(b) (continued)

The fair value of non-voting preference shares in OPIM and OPIMC at 31 March 2016 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 (2015: 5.75 years). The discount rate used is 13.57% (2015: 17.59%) and cash flows beyond 5.75 year period (2015: 5.75 year) are extrapolated using a growth rate of 3% (2015: 3.04%).

No impairment loss on the Group's investment in the non-voting preference shares of OPIM and OPIMC was charged to the profit or loss for the Year (2015: HK\$14,306,000).

(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 Investments 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 (2015: nil). 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 (2015: 18.75 years). The discount rate used is 14.94% (2015: 15.45%).

Impairment loss on the Group's investment in TWL of HK\$30,767,000 was charged to the profit or loss for the Year (2015: HK\$70,586,000).

(d) The Company through a subsidiary, OPFI (GP1) Limited, contributed US\$1,500,000 (2015: US\$1,500,000) to Jin Dou, a partnership with an investment partner, for the purpose of exploring agricultural investment opportunities in Kazakhstan. As at 31 March 2016, the Group's share of interest in Jin Dou is 1.48% (2015: 1.48%). Based on the latest 31 March 2016 unaudited management account of Jin Dou, the Group shared loss for the Year and net assets of approximately HK\$736,000 and HK\$5,559,000 respectively (2015: HK\$521,000 and HK\$6,295,000 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 2016.

(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 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 the last transacted price of the preference share of Dance in December 2013, and adjusted by the share of results since then.

On 30 September 2015, through a merger exercise, Dance became a wholly-owned subsidiary of Dance Holding and the preference shares held by River King were converted into 548,531 common shares of Dance Holding. On 2 October 2015, Dance Holding completed a private placement of its common shares at a specified offer price. The Board considered that the specified offer price represented the best estimated fair value of the common shares of Dance Holding received by River King as at 31 March 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

(f) 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.

During the Year, the ordinary shares of Valueworth was disposed to the major shareholder of Valueworth at US\$8.

(g) The Company, through a wholly-owned subsidiary, OP Vision Investments Limited, entered into an Exempted Limited Partnership Agreement as a limited partner in October 2015. OP Vision L.P., the name of the partnership, is set up for the purpose of acquiring equity stake in private companies outside of China focusing on several key sectors including health care, environmental protection, consumption upgrading, technologies and high-end manufacturing. Pursuant to the Exempted Limited Partnership Agreement, the Group contributed US\$667,000, equivalent to approximately HK\$5,183,000.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 HK\$'000	2015 HK\$'000
Listed equity securities	251,226	20,182
Unlisted investment funds	32,304	135,503
	283,530	155,685
Analyzed as:		
Current assets	274,934	143,862
Non-current assets	8,596	11,823
	283,530	155,685

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

During the Year, net change in unrealised gain of approximately HK\$17,382,000 (2015: HK\$11,584,000) arising from changes in fair value of financial assets at fair value through profit or loss was recognised in profit or loss.

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17. 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 2016

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	Carrying amount	Unrealised gain/(loss) (Note 1)	Percentage of total assets of the Group
				HK\$'000	HK\$'000	HK\$'000	
(a) Changhong Jiahua Holdings Limited	Bermuda	4,870,000 ordinary shares	0.33%	9,287	5,552	(3,506)	0.21%
(b) Technovator International Limited	Singapore	– ordinary shares	–	–	–	(1,555)	–
(c) Phoenix Healthcare Group Co. Ltd.	Cayman Islands	28,600,000 ordinary shares	3.43%	199,079	245,674	46,595	9.25%

Unlisted investment funds/limited partnerships

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost	Carrying amount	Unrealised gain/(loss) (Note 1)	Percentage of total assets of the Group
				HK\$'000	HK\$'000	HK\$'000	
(d) Greater China Select Fund	Cayman Islands	19,982 participating shares	N/A	14,456	15,281	(6,914)	0.58%
(d) Greater China Special Value Fund	Cayman Islands	43,461 participating shares	N/A	29,180	8,427	(4,549)	0.32%
(d) Miran Multi-Strategy Fund	Cayman Islands	– participating shares	N/A	–	–	(9,004)	–
(d) Real Estate Opportunity Capital Fund	USA	N/A	N/A	6,707	5,668	(3,512)	0.21%
(d) Zhong Wei Capital L.P.	Cayman Islands	N/A	N/A	3,101	2,928	(173)	0.11%

Unlisted debt securities

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

The carrying amounts also represent their fair values.

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For the year ended 31 March 2016

17. 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 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 Jiabua Holdings Limited	Bermuda	4,870,000 ordinary shares	0.33%	9,287	9,058	2,240	0.70%
(b) Technovator International Limited	Singapore	2,392,164 ordinary shares	0.37%	9,569	11,124	1,555	0.86%

Unlisted investment funds/limited partnerships

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) 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%
(d) 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%
(d) Miran Multi-Strategy Fund	Cayman Islands	102,767 participating shares of US\$100 each	N/A	79,506	88,510	2,998	6.85%
(d) 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
(e) 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:

(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.

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For the year ended 31 March 2016

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

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

(a) Changhong is principally engaged in the trading of consumer electronic products and IT consumer and corporate products distribution. Changhong declared interim and final dividend of total HK\$0.04 per shares during its year ended 31 December 2015 and the Group was entitled to dividend of approximately HK\$195,000 (2015: Nil). Dividend of approximately HK\$97,000 was received during the Year. The audited profit attributable to shareholders of Changhong for its year ended 31 December 2015 was approximately HK\$131,749,000 (31 December 2014: profit of HK\$185,110,000) and the audited net assets attributable to shareholders of Changhong at 31 December 2015 was approximately HK\$1,274,221,000 (31 December 2014: HK\$1,268,683,000). The fair value of the investment in Changhong is based on quoted market bid price.

(b) Technovator International Limited ("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. The fair value of the investment in Technovator is based on quoted market bid price.

The Group has disposed all 2,392,164 shares during the Year.

(c) The Group invested HK\$199.08 million, or 3.43% interest in Phoenix Healthcare Group Co. Ltd. ("Phoenix Healthcare", stock code: 1515) as its listed portfolio company in the first quarter of 2016. Phoenix Healthcare is the largest private hospital group in China in terms of number of beds under operation. The fair value of the investment in Phoenix Healthcare is based on quoted market bid price.

(d) Greater China Select Fund, Greater China Special Value 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. Dividend of HK\$499,000 was received from CSOP Shen Zhou RMB Fund before full redemption in September 2014.

Real Estate Opportunity Capital Fund is a close-ended investment limited partnership invested by the Group, 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\$4,298,000 was received (2015: HK\$926,000).

Zhong Wei Capital L.P. ("Zhong Wei") is an investment limited partnership invested in by the Group, which focuses on companies with pre-money valuation of US\$100 million or less, and in specific sectors including Online-to-Offline business, community life, e-commerce, media over Internet and Internet-oriented consumer brands. The Group through its subsidiary, Profit Raider Investments Limited, committed a total capital contribution of US\$2 million. The Group invested US\$400,000, equivalent to HK\$3,101,000 to the partnership upon the capital call from Zhong Wei in December 2015.

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

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For the year ended 31 March 2016

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

(d) (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)(vi) 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 2016 and 31 March 2015 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 partnerships that the Group held as at 31 March 2016:

Investment fund/limited partnership	Total net asset value	
	2016 HK\$'000	2015 HK\$'000
Greater China Select Fund	15,281	22,194
Greater China Special Value Fund	8,427	12,976
Miran Multi-Strategy Fund	–	272,354
Real Estate Opportunity Capital Fund	71,916	108,493
Zhong Wei Capital L.P.	225,553	–

- (e) Glory Wing is an investment vehicle whose core position is an Iron Ore mining operation called Taolegai Mine, located in Inner Mongolia. Glory Wing has invested a total of HK\$70 million and the amount was financed by issuance of convertible bonds, of which 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 zero since 31 March 2014. The Directors reassessed the position as at 31 March 2016 and determined the value to remain at zero.

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18. ACCOUNTS AND LOANS RECEIVABLE

	Note	2016 HK\$'000	2015 HK\$'000
Accounts receivable	(a)	3,877	3,877
Amounts due from an associate	(b)	28	20
Amount due from related company	(b)	–	2
Loan to an associate	(c)	–	1,500
Other loan	(d)	–	3,000
		3,905	8,399
<i>Analysed as:</i>			
Current assets		3,905	8,399

- (a) At 31 March 2016, the Group's accounts receivable represented performance premium receivable from an investment partner. The Group does not hold any collateral or other credit enhancements over the accounts receivable. The aging analysis of accounts receivable based on the invoice date is as follows:

	2016 HK\$'000	2015 HK\$'000
Unbilled	3,877	3,877

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 2016 and 2015, the accounts receivable were neither past due nor impaired.

- (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) 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. It was fully settled during the Year.
- (d) 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. It was fully settled during the Year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

19. DEFERRED TAX

At 31 March 2016, deferred tax has not been recognised in respect of the following items:

	2016 HK\$'000	2015 HK\$'000
Unused tax losses	44,086	33,569
(Taxable)/deductible temporary differences	(42,865)	62
	1,221	33,631

At 31 March 2016, the Group has not recognised deferred tax asset in respect of unused tax losses of approximately HK\$44,086,000 (2015: approximately HK\$33,569,000) due to the unpredictability of future profit streams. These balances will not expire until utilised.

At 31 March 2016, the Group has not recognised deferred tax liability in respect of net unrealised gain on listed securities and excess of tax depreciation over accounting depreciation of approximately HK\$42,865,000 (2015: deferred tax assets in respect of excess of accounting depreciation over tax depreciation of approximately HK\$62,000).

20. SHARE CAPITAL

	Number of shares		2016 HK\$'000	2015 HK\$'000
	2016 Thousand shares	2015 Thousand shares		
<i>Authorised</i>				
Ordinary shares of HK\$0.10 each At 1 April	2,000,000	2,000,000	200,000	200,000
Increase in authorised share capital (note a)	2,000,000	–	200,000	–
At 31 March	4,000,000	2,000,000	400,000	200,000
<i>Issued and fully paid:</i>				
At 1 April	941,396	941,400	94,140	94,140
Placement of shares (note b)	900,000	–	90,000	–
Share repurchase (note c)	–	(4)	–	–
At 31 March	1,841,396	941,396	184,140	94,140

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For the year ended 31 March 2016

20. SHARE CAPITAL (continued)

Note:

- (a) For the future expansion and growth of the Group, the directors of the Company proposed to increase the authorised share capital of the Company from HK\$200,000,000 divided into 2,000,000,000 shares to HK\$400,000,000 divided into 4,000,000,000 shares by the creation of additional 2,000,000,000 new shares at par value of HK\$0.1 each. Such increase was passed by an ordinary resolution of the shareholders at the extraordinary general meeting of the Company held on 16 July 2015.
- (b) On 1 June 2015, the Company entered into a placing agreement with the placing agent pursuant to which the placing agent agreed to place up to 900,000,000 new shares to not less than six places at a price of HK\$1.50 per share. The net proceeds from the placing, net of professional fees and out-of-pocket expenses, will be used for future investments of the Group. The allotment and issuance of new shares under the placing agreement was passed by an ordinary resolution of the shareholders at the extraordinary general meeting of the Company held on 16 July 2015 and the placing was completed on 4 August 2015. All the new ordinary shares issued during the current period rank pari passu with the then existing shares in all aspects.
- (c) During the year ended 31 March 2015, 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 2016 and 2015.

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

21. SHARE OPTION SCHEME

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

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21. 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 2016 and 2015, vesting conditions includes performance conditions such as complete or successful exit of specified investment projects and market conditions such as the Company's market capitalization. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

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

Grantee	Date of grant	Outstanding at beginning of the Year	Granted during the Year	Forfeited during the Year	Lapsed during the Year	Cancelled during the Year	Outstanding at end of the Year	Exercise price HK\$	Exercise period
Directors of group companies	20.4.2010	3,500,000	-	-	(3,500,000)	-	-	1.64	20.4.2010 to 19.4.2015
Directors of group companies	20.4.2010	3,500,000	-	(3,500,000)	-	-	-	1.64	31.7.2010 to 19.4.2015
Directors of group companies	20.4.2010	1,750,000	-	(1,750,000)	-	-	-	1.64	31.12.2010 to 19.4.2015
Directors of group companies	20.4.2010	1,750,000	-	-	(1,750,000)	-	-	1.64	31.3.2011 to 19.4.2015
Directors of group companies	20.4.2010	3,500,000	-	(3,500,000)	-	-	-	1.64	31.12.2012 to 19.4.2015
Employees	20.4.2010	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	7,500,000	-	-	(7,500,000)	-	-	1.64	18.2.2011 to 17.2.2016
Directors of group companies	22.5.2015	-	4,500,000	-	-	(4,500,000)	-	1.65	22.5.2016 to 21.5.2020

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21. SHARE OPTION SCHEME (continued)

Grantee	Date of grant	Outstanding at beginning of the Year	Granted during the Year	Forfeited during the Year	Lapsed during the Year	Cancelled during the Year	Outstanding at end of the Year	Exercise price HK\$	Exercise period
Directors of group companies	22.5.2015	-	4,500,000	-	-	(4,500,000)	-	1.65	22.5.2017 to 21.5.2020
Directors of group companies	22.5.2015	-	4,500,000	-	-	(4,500,000)	-	1.65	22.5.2018 to 21.5.2020
Directors of group companies	22.5.2015	-	4,500,000	-	-	(4,500,000)	-	1.65	22.5.2019 to 21.5.2020
Employees	22.5.2015	-	5,000,000	-	-	(5,000,000)	-	1.65	22.5.2016 to 21.5.2020
Employees	22.5.2015	-	5,000,000	-	-	(5,000,000)	-	1.65	22.5.2017 to 21.5.2020
Employees	22.5.2015	-	5,000,000	-	-	(5,000,000)	-	1.65	22.5.2018 to 21.5.2020
Employees	22.5.2015	-	5,000,000	-	-	(5,000,000)	-	1.65	22.5.2019 to 21.5.2020
Consultants	22.5.2015	-	3,250,000	-	-	(3,250,000)	-	1.65	22.5.2016 to 21.5.2020
Consultants	22.5.2015	-	3,250,000	-	-	(3,250,000)	-	1.65	22.5.2017 to 21.5.2020
Consultants	22.5.2015	-	3,250,000	-	-	(3,250,000)	-	1.65	22.5.2018 to 21.5.2020
Consultants	22.5.2015	-	3,250,000	-	-	(3,250,000)	-	1.65	22.5.2019 to 21.5.2020
		28,500,000	51,000,000	(14,000,000)	(14,500,000)	(51,000,000)	-		

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21. SHARE OPTION SCHEME (continued)

Movement of the Company's share options during the year ended 31 March 2015:

Grantee	Date of grant	Outstanding at beginning of the Year	Granted during the Year	Forfeited During the Year	Lapsed during the Year	Outstanding at end of the Year	Exercisable at 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		

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21. 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, HK\$1.52 and HK\$1.62 on 20 April 2010, 18 February 2011 and 22 May 2015 respectively.
- (b) On 29 February 2016, under mutual consents with the option holders, the Board cancelled the then-outstanding share options granted on 22 May 2015 with an intent to replace by a new grant of share options with similar terms and conditions upon the adoption of the new share option scheme by the Company. The new option scheme was adopted by the Company on 17 May 2016. For details of the new option please refer to note 29.

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

- (c) 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\$5,794,000 net reversed (2015: HK\$1,142,000)
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 (2015: 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%

Details of the share options granted on 22 May 2015 was as follows:

Theoretical aggregate value:	HK\$32,822,000
Fair value recognised in profit or loss during the Year:	HK\$14,747,000 (2015: Nil)
Risk free interest rate:	1.079%
Expected volatility:	62.58%
Expected life of the options:	5 years from the date of grant
Expected dividend yield:	4.58%

The measurement dates of the share options were 20 April 2010, 18 February 2011 and 22 May 2015, 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.

- (d) During the Year, certain vested share options have been lapsed and a total of HK\$11,427,000 has been transferred to retained profits.

During the year ended 31 March 2015, certain vested option grantees ceased their services to the Group and a total of HK\$1,705,000 has been transferred to retained profits.

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For the year ended 31 March 2016

22. 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 2016 of approximately HK\$2,638,343,000 (2015: HK\$1,266,856,000) by the number of ordinary shares in issue at that date, being 1,841,396,000 (2015: 941,396,000).

23. MAJOR NON-CASH TRANSACTIONS

In January 2016, for restructuring purpose, the then-shareholders of OPIM and OPIMC entered into sales and purchase agreements with OPIMH for share swaps. The Company swapped its holdings of 1,464,300 ordinary shares of OPIM, representing 30% of OPIM ordinary share capital, and 600 ordinary shares of OPIMC, representing 30% of OPIMC ordinary share capital, for a total of 3,000 ordinary shares of OPIMH, representing 30% of OPIMH ordinary shares after the transaction. The other ordinary shareholders of OPIM and OPIMC also participated in the share swap. After the restructuring, OPIM and OPIMC became wholly-owned subsidiaries of OPIMH. The Group's effective interest in OPIM and OPIMC remained unchanged throughout the process.

On 30 September 2015, through a merger exercise, Dance became a wholly-owned subsidiary of Dance Holding and the preference shares held by River King were converted into 548,531 common shares of Dance Holding.

During the year ended 31 March 2015, the Group received 2,392,164 listed share of Technovator International Limited (stock code: 1206) from the disposal of the position in Excel Perfect Investments Limited.

24. COMMITMENTS

(a) Capital commitment

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

	Note	Group	
		2016 HK\$'000	2015 HK\$'000
Capital contribution to Jin Dou	i	104,686	104,693
Capital contribution to Zhong Wei Capital L.P.	ii	12,407	–
Capital contribution to OP Fine Billion L.P.	iii	5,000	–

Note:

- (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\$104,800,000) to Jin Dou. The calling of the further capital contribution lies upon the future funding needs of Jin Dou.
- (ii) According to the "Second Amended and Restated Limited Partnership Agreement" signed by Profit Raider, a wholly-owned subsidiary of the Group during the Year, the Group has committed to a capital contribution of US\$2 million (equivalent to approximately HK\$15.5 million). Contributions will be made when capital call is issued by the general partner of the limited partnership. As at 31 March 2016, US\$400,000 was called.
- (iii) According to the "Exempted Limited Partnership Agreement" signed between OPFI GP(2) Limited, as the general partner, and the limited partner during the Year, the Group has committed to a capital contribution of HK\$5 million. The capital will be drawn down on an as-needed basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

24. COMMITMENTS (continued)

(b) Operating lease commitment

At 31 March 2016 and 31 March 2015, the total future minimum lease payments under non-cancellable operating leases for office premises and a staff quarter are payable as follows:

	Group	
	2016 HK\$'000	2015 HK\$'000
Within one year	4,388	5,020
In the second to fifth years inclusive	660	–
	5,048	5,020

25. 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	2016 HK\$'000	2015 HK\$'000
Oriental Patron Asia Limited (“OPAL”) (note a)	Investment management fee paid/ payable (of which approximately HK\$3,394,000 (2015: approximately HK\$1,670,000) was included in other payables) (note a)	33,402	19,557
	Advisory fee paid (note a)	350	–
Oriental Patron Management Service Limited (“OPMSL”) (note b)	Rental paid (note b)	4,360	2,893
Oriental Patron Securities Limited (“OPSL”) (note c)	Placing commission (note c)	27,000	–
	Securities brokerage fee (note c)	540	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

25. RELATED PARTY TRANSACTIONS (continued)

Notes:

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

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

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

- (b) The Company, through a wholly-owned subsidiary, entered into a license agreement with OPMSL on 31 March 2011 in respect of the provision of the principal place of business of the Company. The agreement was renewed at HK\$241,098 per month for the period from 1 November 2013 to 31 March 2015. It was further renewed on 19 March 2015 at HK\$363,363 for the period from 1 April 2015 to 31 March 2016.

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

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

Placing commission were charged in accordance with the placing agreement signed with OPPL for placing agency services. The placing commission was charged at 2% of the aggregate placing price.

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

- (d) Please refer to note 18 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.

26. 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\$310,000 (2015: approximately HK\$227,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

27. BALANCE SHEET AND RESERVES MOVEMENT OF THE COMPANY

	2016 HK\$'000	2015 HK\$'000
Non-current assets		
Property, plant and equipment	–	1
Investments in subsidiaries	–	197,000
Amounts due from subsidiaries	563,642	276,522
Investments accounted for using equity method	61,264	61,264
	624,906	534,787
Current assets		
Financial assets at fair value through profit or loss	251,226	20,182
Accounts and loans receivable	–	4,502
Interest receivables	804	770
Prepayments and other receivables	39,149	131
Bank and cash balances	1,658,491	500,040
	1,949,670	525,625
TOTAL ASSETS	2,574,576	1,060,412
Capital and reserves		
Share capital	184,140	94,140
Reserves	2,386,075	963,551
TOTAL EQUITY	2,570,215	1,057,691
Current liabilities		
Other payables	4,361	2,721
TOTAL LIABILITIES	4,361	2,721
TOTAL EQUITY AND LIABILITIES	2,574,576	1,060,412
NET ASSETS	2,570,215	1,057,691

The notes on pages 37 to 93 form an integral part of these consolidated financial statements.

Approved by the Board of Directors on 27 June 2016

ZHANG Zhi Ping
Director

ZHANG Gaobo
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

27. BALANCE SHEET AND RESERVES MOVEMENT OF THE COMPANY (continued) Reserve movement of the Company

	Share premium HK\$'000	Share-based payment reserve HK\$'000	Retained profits/ (accumulated Losses) HK\$'000	Dividend Paid HK\$'000	Total HK\$'000
At 1 April 2014	965,683	17,784	2,512	47,070	1,033,049
Vesting of share options	–	1,142	–	–	1,142
Vested 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 and 1 April 2015	965,680	17,221	(19,350)	–	963,551
Vesting of share options	–	14,842	–	–	14,842
Share options lapsed	–	(11,427)	11,427	–	–
Unvested share options forfeited	–	(5,889)	–	–	(5,889)
Issue of new shares	1,232,880	–	–	–	1,232,880
Total comprehensive income for the Year	–	–	180,691	–	180,691
At 31 March 2016	2,198,560	14,747	172,768	–	2,386,075

The Directors recommend the payment of a final dividend of HK 2.5 cents per ordinary share for the Year to the shareholders whose names are registered on the register of members of the Company on 7 September 2016. Subject to the approval of shareholders of the Company at the Annual General Meeting to be held on 31 August 2016, the final dividend will be payable on or about 15 September 2016.

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 2016 were approximately HK\$2,386,075,000 (2015: HK\$963,551,000).

(i) Share premium account

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

Please refer to note 20 for the details of the Placement during the Year and Share Repurchase during the year ended 31 March 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

27. BALANCE SHEET AND RESERVES MOVEMENT OF THE COMPANY (continued)

Reserves movement of the Company (continued)

(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 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 to the consolidated financial statements.

28. INVESTMENTS IN SUBSIDIARIES

Details of the principal subsidiaries at 31 March 2016 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	HK\$0.1	100%	Investment holding
OP Investment Service Limited	Hong Kong	HK\$1	100%	Management service
Panlink Investments Limited	British Virgin Islands	US\$1	100%	Dormant
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 Vision Investments Limited (previously named as OP Golden Valley Investments Limited)	British Virgin Islands	US\$30	100%*	Investment holding
Peak Achiever Holdings Limited	British Virgin Islands	US\$1	100%*	Dormant
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 2016

28. INVESTMENTS IN 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 Non-voting preference share: HK\$200,000,000	98.5%	Investment holding
OP Investment Service Limited	Hong Kong	HK\$1	100%	Management service
Panlink Investments Limited	British Virgin Islands	US\$1	100%	Dormant
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%*	Dormant
OP Golden Valley Investments (HK) Limited	Hong Kong	HK\$1	100%*	Dormant
Wisland Investments Limited	British Virgin Islands	US\$1	100%*	Investment holding

* Shares held indirectly by the Company

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.. For details of the transaction, please refer to note 15 "Investments accounted for using equity method".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

29. EVENTS AFTER THE REPORTING PERIOD

On 17 May 2016, the Company adopted a new share option scheme of the company following the approval of such at the extraordinary general meeting held on 13 May 2016.

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

30. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 27 June 2016.

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				
	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
RESULTS					
Revenue	29,492	31,805	30,488	29,591	47,679
Profit/(loss) before tax	44,137	1,763	61,968	12,812	(43,048)
Taxation	20	(4,714)	(14,748)	–	418
Profit/(loss) for the year	44,157	(2,951)	47,220	12,812	(42,630)
Other comprehensive income	(4,503)	(10,898)	6,440	(184,574)	(8,777)
Total comprehensive income	39,654	(13,849)	53,660	(171,762)	(51,407)

	At 31 March				
	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
ASSETS AND LIABILITIES					
Total assets	2,657,712	1,292,577	1,353,222	1,278,013	1,540,895
Total liabilities	(19,369)	(25,721)	(26,603)	(4,352)	(2,672)
Net assets	2,638,343	1,266,856	1,326,619	1,273,661	1,538,223