

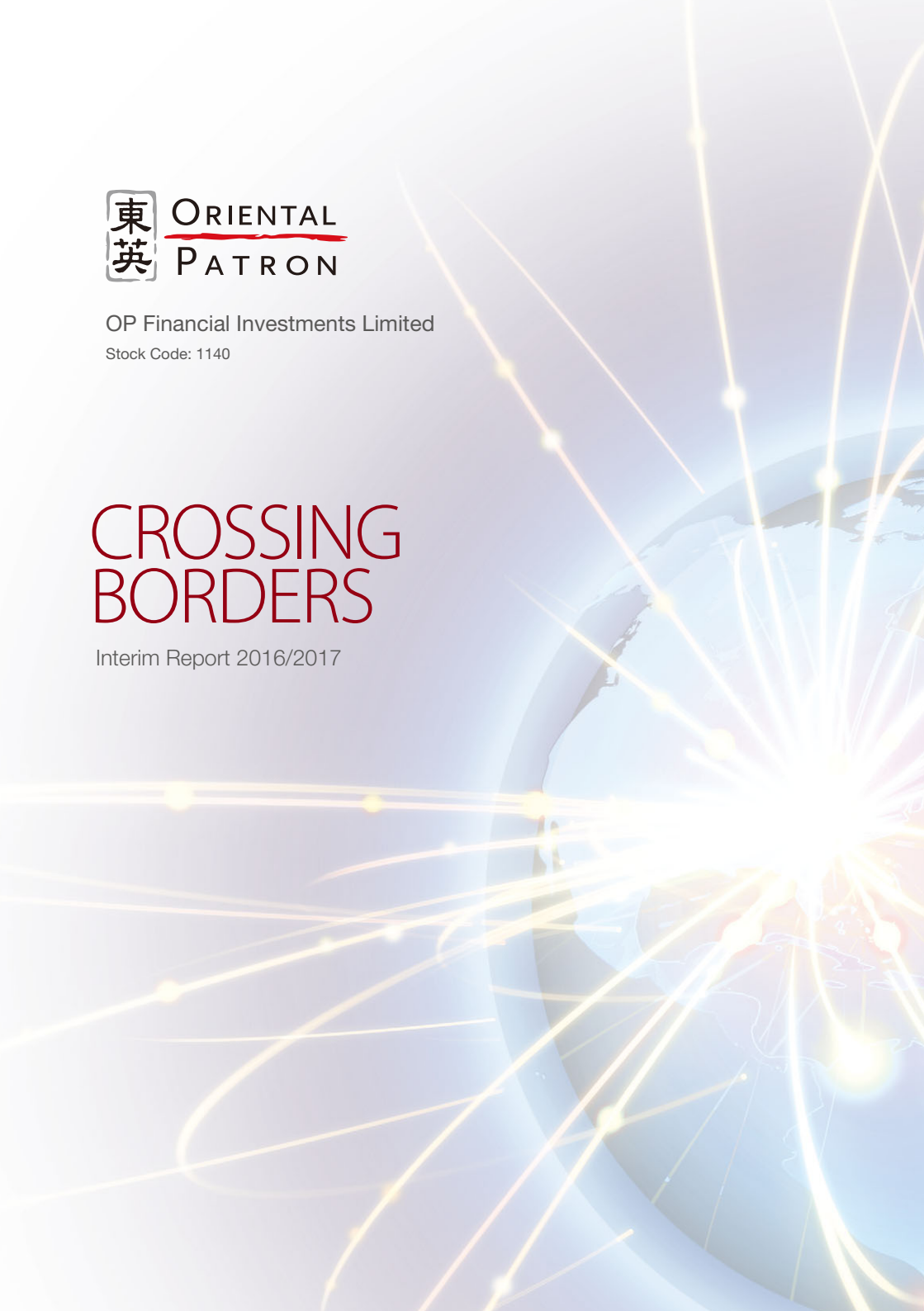


OP Financial Investments Limited

Stock Code: 1140

# CROSSING BORDERS

Interim Report 2016/2017



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## FORWARD-LOOKING STATEMENTS

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



## ● CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### **Executive Directors**

Mr. ZHANG Zhi Ping (*Chairman*)  
Mr. ZHANG Gaobo (*Chief executive officer*)  
Dr. LIU Zhiwei (*President*)

#### **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  
Dr. LIU Zhiwei  
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

● CORPORATE INFORMATION (CONTINUED)

## 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

## STOCK CODE

The Stock Exchange of Hong Kong Limited  
Code: 1140

## WEBSITE

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

## BRANCH REGISTRARS

Tricor Abacus Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## REGISTERED OFFICE

P.O. Box 309GT  
Ugland House  
South Church Street  
George Town  
Grand Cayman  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS

27/F, Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

## PRINCIPAL BANKERS

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

## ● CHAIRMAN'S STATEMENT

Dear Shareholders:

In the first half of 2016, the main business focuses of OP Financial Investments Limited (the “Company” or “OP Financial”), and its subsidiaries (the “Group”) continued to perform well. The Group generated a net profit of HK\$21.63 million for the six months ended 30 September 2016 (the “Period”). As of 30 September 2016, its consolidated net assets value were HK\$2.62 billion, holding half liquid assets.

Considering long-term investments, we mainly focus on financial platforms. Among the investments, CSOP continues to lead the ETF market, with dominating average daily trading volume and management scale of RQFII ETF products. CSOP has a lead of providing global investors instruments to invest in China. Moreover, it launches a crude oil futures ETF product and leveraged and inverse series this year, introducing alternatives for Chinese investors to overseas markets. The two-way services has further enhanced CSOP's position in the industry. OP Investment Management, our investment in asset management service platform, has built a cost-efficient way to consolidate services chain, attracting a great number of fund managers. OP Investment Management won the HFM Best Regulatory Service Platform of Asia in September 2016. Its positioning is highly recognised in the market.

In the aspect of direct investment solutions, we have invested in modern services and Internet plus projects, as well as successfully divested from one healthcare project with a satisfactory performance. We have further improved the ability of offering integrated acquisition solutions in cooperation with industry partners, such as listed companies in China and Hong Kong.

## ● CHAIRMAN'S STATEMENT (CONTINUED)

Looking ahead, OP Financial will follow principles to create value for shareholders. On one hand, the Group continues to invest in platforms with long-term strategic value, for obtaining financial returns and synergies. On the other hand, the Group continues to strengthen its ability to direct investments, and strive to create more depth cooperation with industry leaders to capture medium to short term market opportunities.

The Group has sufficient capital managed by experienced team. With the support of shareholders, the Group will certainly be able to become an excellent cross-border investment platform.

### **Zhang Zhi Ping**

*Chairman*

28 November 2016, Hong Kong

## ● MANAGEMENT DISCUSSION AND ANALYSIS

### INVESTMENT REVIEW

OP Financial is a company based in Hong Kong with a focus on cross-border investment opportunities. The Company is listed on the main board of Hong Kong Stock Exchange under the ticker of 1140.

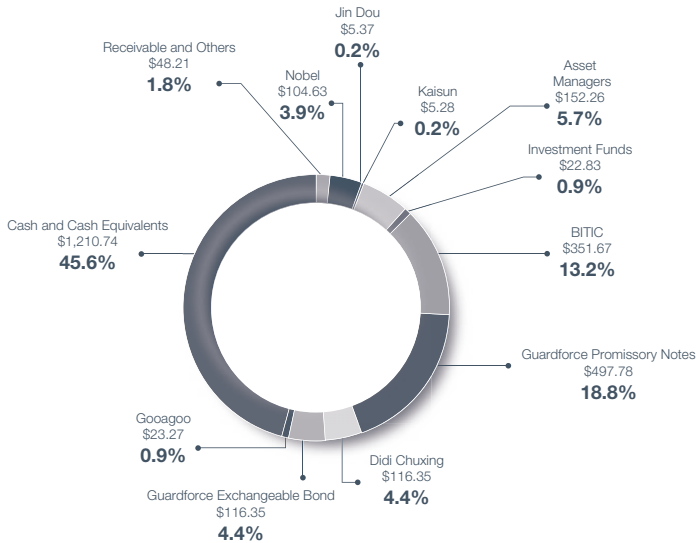
OP Financial's main investment focuses include direct investment solutions and the development of financial services platform. The Group provides PRC investors with access to attractive equity opportunities in overseas markets and international investors with Chinese opportunities. The Group also invests in bonds and funds of listed and unlisted equities to generate diversified returns.

During the Period, the investment portfolio performed well. The total comprehensive income amounted to a gain of HK\$18.66 million, which are primarily due to performance premium, interest income, options premium and divestment of Phoenix Healthcare Group Co. Ltd, offsetting impairment losses.

● MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

INVESTMENT REVIEW (Continued)

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



**Direct Investments**

OP Financial’s direct investment solutions includes direct proprietary and syndicated investments. Against the backdrop of increasing cross-border transactions and high-tech industry development, OP Financial has made several new investments, including Beijing International Trust Co. Ltd, Xiaoju Kuaizhi Inc, Guardforce Holdings (HK) Ltd and Gooagoo Group Holdings Ltd. In the meantime, OP Financial has made a divestment of Phoenix Healthcare Group Co. Ltd during the Period.



● **MANAGEMENT DISCUSSION AND ANALYSIS** (CONTINUED)

## INVESTMENT REVIEW (Continued)

### **Direct Investments (Continued)**

*Beijing International Trust Co. Ltd*



**北京信托**

OP Financial invested in 25% of equity interest in Treasure Up Ventures Limited (“Treasure Up”) for a total of US\$45.17 million (equivalent to approximately HK\$351.67 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.

Founded in 1984 and headquartered in Beijing, BITIC is a large-scale non-banking financial institution engaging in trusts business, investment fund business, financial services business, brokerage and advisory businesses. As at the end of 2015, BITIC had net assets of RMB6.99 billion and trusts’ total asset of RMB206.4 billion. BITIC reported total revenue of RMB1.852 billion and net income of RMB978 million as of 31 December 2015.

According to China Trustee Association, the aggregated assets under management of China’s 68 trust companies were RMB16.3 trillion at the end of December 2015, an increase of 16.6% as compared to 2014. The industry had total profits of RMB75 billion, an increase of 17% from a year earlier. The investment interest in BITIC gives OP Financial access to one of the dominant participants in the promising market.

## ● MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### INVESTMENT REVIEW (Continued)

#### Direct Investments (Continued)

*Xiaoju Kuaizhi Inc.*



OP Financial subscribed series A-18 preferred shares issued by Xiaoju Kuaizhi Inc (“Xiaoju Kuaizhi”). Total subscription from OP Financial was US\$15 million (equivalent to approximately HK\$116.35 million).

Xiaoju Kuaizhi is the parent company of Didi Chuxing, the major Chinese ride-hailing service provider with over 300 million users in more than 400 cities in China since its establishment in 2012. Didi Chuxing holds over 87% of the market for private car-hailing, completes over 11 million rides a day. On 1 August 2016, Didi Chuxing announced a merger with Uber China, turning its US\$28 billion valuation in the latest fundraising round into a valuation of around US\$35 billion. The investment in Didi Chuxing allows OP Financial to benefit from the attractive opportunities arise in the sharing economy.

## ● MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### INVESTMENT REVIEW (Continued)

#### **Direct Investments (Continued)**

*Guardforce Investment Holdings PTY Ltd and Guardforce Holdings (HK) Ltd*



OP Financial has provided funding to China Security & Fire Co., Ltd (“China S&F”), a listed company on Shanghai Stock Exchange (Stock Code: 600654) to expand overseas through acquisitions. China S&F, founded in 1987, engages in the provision of security system integration and operation services and manufacturing of security intelligent products. China S&F acquired Guardforce Hong Kong Ltd and Guardforce (Macau) previously, and set out its plan to acquire security assets in Australia and Thailand.

To help its overseas expansion, OP Financial subscribed approximately US\$64.18 million (equivalent to approximately HK\$497.78 million) 6.5% promissory notes issued by Guardforce Investment Holdings PTY Ltd, a subsidiary of China S&F, with a maturity date of 15 December 2016. The proceeds issued by the promissory notes will be used for its acquisition of security assets in Australia.

In addition, OP Financial also subscribed a US\$15 million (equivalent to approximately HK\$116.35 million) exchangeable bond issued by Guardforce Holdings (HK) Ltd which is a company fully controlled by Mr. Tu Guoshen, the controlling shareholder of China S&F. At maturity, the bond can be exchangeable into 75% ordinary shares of Guardforce Holdings Ltd, which indirectly holds 97.5% common shares of Guardforce Cash Solutions (Thailand) Ltd (“Guardforce Thailand”). Guardforce Thailand is an independent cash solutions provider which engages in cash management and ATM management services. It consists of 17 branches nationwide and holds 22% market share at the end of 2015. The investment allows OP Financial to secure 20% annual compound rate of return, while also enjoy an upside of appreciation in asset value on condition that China S&F acquires Guardforce Thailand. Meanwhile, a series of call options are attached to the investment which allows Mr. Tu to exercise the option to purchase the above mentioned exchangeable bond owned by OP Financial.

## ● MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### INVESTMENT REVIEW (Continued)

#### **Direct Investments (Continued)**

*Gooagoo Group Holdings Ltd*



**GOOAGOO** 购阿购

OP Financial subscribed US\$3 million (equivalent to approximately HK\$23.27 million) limited partnership interest in Tsingdata Holdings L.P. (“Tsingdata”), a BVI registered partnership with the sole purpose of investing into Gooagoo Group Holdings Ltd (“Gooagoo”). Gooagoo is a high-tech service provider for Offline-to-Online data processing, big data analysis and online marketing platform operation. Its core products are open data bridging technology, which collects real-time consumption data from merchants’ cash register system, and color bill system, which enables customers to get access to electronic receipts, mobile payment portal and merchants’ promotional information by simply scanning QR code printed on receipts using mobile phone.

Tsingdata is sponsored by Tsingdata D-LAB Technologies Co., Limited, which focuses on big data and technology investments and is supported by Institute for Data Science of Tsinghua University, Tsinghua Big Data Industries Association, TusPark Business Incubator Co., Ltd. The investment in Gooagoo fits well with OP Financial’s portfolio strategy in technology and “Internet Plus” business sectors.

● **MANAGEMENT DISCUSSION AND ANALYSIS** (CONTINUED)

## INVESTMENT REVIEW (Continued)

### **Direct Investments (Continued)**

*Nobel Holdings Investments Ltd*



OP Financial holds a co-investment vehicle with China Investment Corporation ("CIC"), named Thrive World Ltd, which represents a 50% equity interest in Nobel Holdings Investments Ltd ("Nobel"). Total OP Financial contribution was US\$30 million (equivalent to approximately HK\$232.65 million).

Nobel is one of the largest independent upstream oil producers in Russia, with principal assets include nine subsoil licenses covering seven oil fields and two exploration areas in Komi Republic and Western Siberia. According to the latest reserve report, the proved oil reserve and probable oil reserves of Nobel's oil fields were approximately 122 million barrels and 175 million barrels as at 31 December 2014 respectively.

During the Period, the oil price exerts significant pressure on oil production companies. Nobel continued to control the cost to cope with thin operating margins and a depreciated Ruble. The fair value of Nobel dropped from HK\$131.29 million to HK\$104.63 million.

## ● MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### INVESTMENT REVIEW (Continued)

#### **Direct Investments (Continued)**

##### *Jin Dou Development Fund L.P.*

OP Financial formed a co-investment vehicle with CIC, named Jin Dou Development Fund L.P. (“Jin Dou”) in 2009, whose purpose is to explore agricultural investment opportunities in Kazakhstan, diversify the country’s crops and commercialise regional production such as non-genetically modified soybeans for export. CIC and OP Financial committed US\$300 million and US\$15 million respectively to the project. Nevertheless only a capital call of US\$1.5 million has been made to OP Financial up to date. While the position fell slightly from HK\$5.56 million to HK\$5.37 million, the Group’s investment in Jin Dou remains positive after taking into account the performance premiums received since inception.

#### **Asset Managers (Financial services platform)**

Financial services platform includes joint ventures with financial institutions and infrastructure fund platform focusing on developing home grown asset managers. During the Period, OP Financial has investments in four asset management companies, of which the major positions are CSOP Asset Management Ltd and OP Investment Management.

● **MANAGEMENT DISCUSSION AND ANALYSIS** (CONTINUED)

## INVESTMENT REVIEW (Continued)

### **Asset Managers (Financial services platform) (Continued)**

*CSOP Asset Management Ltd*



OP Financial established an asset management joint venture in Hong Kong named CSOP Asset Management Limited (“CSOP”) with China Southern Asset Management Co. Ltd (“China Southern”) in 2008. China Southern is one of China’s most premier asset management companies which provides a broad range of funds with total AUM of RMB502.7 billion, including a mutual fund AUM of RMB326.6 billion, ranked among top 10 Chinese asset management companies as of 31 December 2015.

With a dedicated focus on China, CSOP manages private and public funds, as well as provides investment advisory services to Asian and global investors. To date, CSOP holds a total of RMB46.10 billion Renminbi Qualified Foreign Institutional Investor (RQFII) quota, making it the largest RQFII asset manager globally. In addition, CSOP’s ETFs account for about 67% of all RQFII ETFs in terms of AUM; turnover and trading volume dominated market, accounting for about 74% total turnover in the RQFII ETF market.

OP Financial owns 24% of issued capital of CSOP. The carrying value of the Group’s CSOP position was HK\$119.38 million at 30 September 2016, an increase of 14.04% as compared to the value at 31 March 2016. Given its leading position, 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 (CONTINUED)

### INVESTMENT REVIEW (Continued)

#### **Asset Managers (Financial services platform) (Continued)**

##### *OP Investment Management (“OPIM”)*

OPIM, comprising OP Investment Management (Cayman) Ltd (“OPIM Cayman”) and OP Investment Management Ltd (“OPIM Hong Kong”), is an asset management platform which serves Asian-based managers to develop funds across diversified strategies for institutional and professional investors. OP Financial invested in 30% issued ordinary share capital and the 100% non-voting preference shares of OPIM Hong Kong and OPIM Cayman.

Hong Kong’s hedge fund industry has been growing. According to Preqin’s Report in 2016, assets under management of the hedge fund industry reaches US\$67 billion in Hong Kong, making it a leading region in Asia-Pacific. Meanwhile, increasing demands of global asset allocation and Hong Kong’s stable trading regulations are driving Chinese hedge fund managers to set up new funds in Hong Kong.

OPIM’s institutional fund platform has built an ecosystem linking up fund managers, service providers and capital allocators. Fund managers are able to work with the industry’s best service partners and launch funds through fast and affordable structures. Capital allocators partner with OPIM to connect the region’s top undiscovered talents who have performance, track record and institutional-grade infrastructure.

The investment allows OP Financial to enjoy promising prospects of hedge fund industry developments. Given total number of funds increases, the Group’s investment position in OPIM increased to HK\$26.68 million during the Period.



● **MANAGEMENT DISCUSSION AND ANALYSIS** (CONTINUED)

## INVESTMENT REVIEW (Continued)

### **Other Investments**

*Phoenix Healthcare Group Co. Ltd*



OP Financial invested HK\$199.08 million or 3.4% 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 one of the largest private hospital groups in China, which engages in the general hospital services, hospital management services and supply chain business in Beijing. During the Period, OP Financial fully divested its investment in Phoenix Healthcare and recognised HK\$125.74 million gain from this investment.

*Dance Biopharm Holdings Inc.*



OP Financial invested approximately US\$2.2 million (equivalent to HK\$17.08 million) into 548,531 common shares of Dance Biopharm Holdings Inc. ("Dance"), a US-based pharmaceutical company whose technologies allow diabetics to inhale insulin as an alternative to self-injection. In addition to equity holdings in Dance, the deal structure grants OP Financial shares in a separate joint venture company named Harmony Plus Holdings Ltd with exclusive distribution rights to Asia. Given Dance has been facing tough market condition, financial difficulties and uncertainties in commercialisation, OP Financial has made a full provision in its investment in Dance, which only accounts for less than 1% of OP Financial's total asset value.

The full list of the Group's investment are set out in note 13, 14 and 15 to the condensed consolidated interim financial information.

## ● MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### FINANCIAL REVIEW

#### Financial position

*Net asset value:* The Group's net assets as at 30 September 2016 is HK\$2.62 billion, or HK\$1.42 per share.

*Gearing:* The gearing ratio, which is calculated on the basis of total liabilities over total equity as at 30 September 2016, was 0.01 (31 March 2016: 0.01). We continue to maintain a 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 BITIC. Assets increased by 2.54% to HK\$478.32 million as at 30 September 2016 (31 March 2016: HK\$466.45 million), mainly due to an increase of CSOP's carrying amount.

*Available-for-sale financial assets:* A 47.11% increase from HK\$192.72 million to HK\$283.51 million, mainly due to new investments in Didi Chuxing and Gooagoo.

*Financial assets at fair value through profit or loss:* An increase from HK\$283.53 million to HK\$651.08 million during the Period was primarily due to (i) unlisted debt investments in Guardforce and Finance Center for South-South Cooperation Ltd, and (ii) divestment in listed shares of Phoenix Healthcare.

*Bank and cash balances:* As at 30 September 2016, bank and cash balances plus deposits decreased from HK\$1.67 billion to HK\$1.21 billion primarily attributable to (i) new investments in equities and debt instruments, such as Guardforce and Didi Chuxing, and (ii) divestment in Phoenix Healthcare.

## ● MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### RESULTS

The Group was profitable during the Period. The total comprehensive income amounted to a gain of HK\$18.66 million compared to HK\$38.77 million in the same period of last year. These are primarily due to performance premiums from Jin Dou, interest income generating from two of the Group's debt instruments, call option premium and divestment of Phoenix Healthcare, offsetting impairment losses.

#### Consolidated Statement of Comprehensive Income

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

	<b>2016 (Unaudited) HK\$'000</b>	2015 (Unaudited) HK\$'000
Dividend income from unlisted investments <sup>(1)</sup>	698	2,038
Performance premium from co-investment partner <sup>(2)</sup>	7,758	7,752
Option premium received <sup>(3)</sup>	16,798	–
Interest income <sup>(4)</sup>	21,408	3,035
	<b>46,662</b>	<b>12,825</b>

- (1) Dividends received from Real Estate Opportunity Capital Fund during the Period
- (2) CIC, co-investment partner in both Jin Dou agriculture partnership and Nobel, awarded OPFI performance premiums totaling HK\$7.76 million (30 September 2015: HK\$7.75 million) to the Group in return for our resources allocated to the agricultural partnership – Jin Dou
- (3) Premium of call options attached to the investment of Guardforce
- (4) Interest income of HK\$21.41 million generates from the Group's debt instruments of Guardforce and Finance Center for South-South Cooperation Ltd, as well as term deposit in banks

## ● MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### RESULTS (Continued)

#### **Consolidated Statement of Comprehensive Income (Continued)**

*Net change in unrealised loss on financial assets at fair value through profit or loss:*

The net change in unrealised loss of HK\$56.03 million mainly represents the net result of (i) the unrealised gain of HK\$59.72 million on listed shares; (ii) the unrealised loss of HK\$8.55 million on investment funds; (iii) the transfer out of net unrealised gain of HK\$107.24 million on Phoenix Healthcare.

*Realised gain on disposal of investments:* This represents a realised gain of HK\$125.74 million on divestment of Phoenix Healthcare.

*Impairment loss on available-for-sale financial assets:* The HK\$46.12 million loss represents impairments on Nobel, Dance and one of our listed securities, Kaisun Energy Group Limited (Stock Code: 8203).

*Equity-settled share-based payments:* This represents the value of share options vested during the Period. These share options were granted to certain directors, employees and consultants on 20 May 2016, which are vested over five years from the grant date.

*Operating and administrative expenses:* The total amount of HK\$42.99 million is mainly the result of investment management fees and staff costs.

*Share of results of associates:* A net amount of HK\$14.70 million (2015: HK\$13.48 million) accounts for our share of results of associates including CSOP, Guotai Junan and OPIM. These companies generate revenue based on management and performance fees from assets under management.

*Other comprehensive income:* Changes to the Group's NAV, otherwise not accounted for in "profit for the Period", are found in "other comprehensive income". The loss of HK\$2.97 million is mainly net of: (i) decrease in fair value of available-for-sale investments by HK\$48.92 million and (ii) impairment loss on available-for-sale financial assets transferred to "profit for the Period" of HK\$46.12 million. Combining with the "profit for the Period", the total comprehensive income for the Period was a gain of HK\$18.66 million.

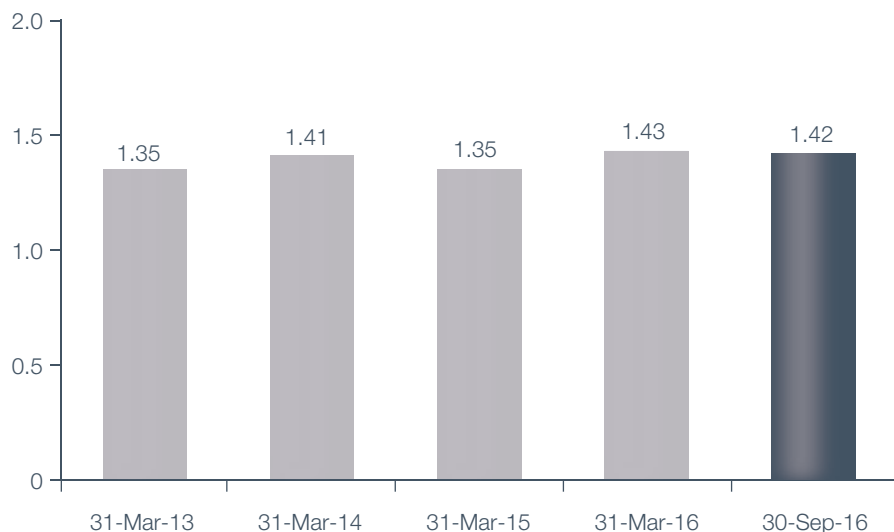
## ● MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### RESULTS (Continued)

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

	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Nobel	(26,667)	(14,088)
Kaisun	(2,378)	1,057
OPIM	3,010	545
Jin Dou	(187)	(538)
Dance	(21,268)	(4,322)
OP Vision	(1,334)	–
Didi Chuxing	(97)	–
Googoo	(3)	–
<b>Fair value decrease</b>	<b>(48,924)</b>	<b>(17,346)</b>

#### NAV Per Share in HK\$



## ● MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### DIVIDEND POLICY AND PROPOSED INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend in respect of the six months ended 30 September 2016 (2015: nil).

### LIQUIDITY AND FINANCIAL RESOURCES

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

During the Period, the Group continued to maintain a significant balance of cash and cash equivalents. As at 30 September 2016, the Group had cash and bank balances of HK\$1.21 billion (31 March 2016: HK\$1.67 billion). The Group had no bank borrowings and did not pledge any assets as collateral for overdrafts or other loan facilities during the Period. 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 46 times (31 March 2016: 103 times). For further analysis of the Group's cash position, current assets and gearing, please refer to paragraphs under sub-sections headed "Financial position" above. The Board believes that the Group has sufficient financial resources to satisfy its immediate investments and working capital requirements.

### CAPITAL STRUCTURE

As at 30 September 2016, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK\$2.62 billion (31 March 2016: HK\$2.64 billion) and 1,841,396,000 (31 March 2016: 1,841,396,000), respectively.

## ● MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### MATERIAL ACQUISITIONS AND DISPOSALS OF INVESTMENTS

The Group had the following material acquisitions and investments, as well as disposals of investments during the Period.

- Subscription of HK\$497.78 million promissory notes issued by Guardforce Investment Holdings PTY Ltd
- Subscription of HK\$116.35 million exchangeable bond issued by Guardforce Holdings (HK) Ltd
- Investment of HK\$116.35 million in Xiaoju Kuaizhi Inc
- Investment of HK\$23.27 million in Gooagoo Group Holdings Ltd
- Disposal of HK\$324.82 million in Phoenix Healthcare

### SEGMENT INFORMATION

Segment information of the Group is set out in note 7 on pages 58 to 59 of this report.

### EMPLOYEES

During the Period, the Group had 35 (2015: 31) employees, inclusive of all directors of the Group and its subsidiaries. Total staff costs for the Period amounted to HK\$16.30 million (2015: HK\$8.92 million). The Group's remuneration policies are in line with the market practice and are determined on the basis of the performance and experience of individual employee.

### SHARE OPTION SCHEME

The detailed disclosures relating to the Company's share option scheme and valuation of options are set out in note 18 to the condensed consolidated interim financial information.

## ● MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

At 30 September 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\$64,000 (at 31 March 2016: RMB55,000, equivalent to HK\$66,000).

At 30 September 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 30 September 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 30 September 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 publically announce these plans as they become necessarily disclosable to shareholders during the course of the financial year.

### PURCHASE, SALE OR REDEMPTION OF SECURITIES

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



## ● MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### CORPORATE GOVERNANCE CODE

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

Code Provision A.6.7 provided that, the independent non-executive Directors and other non-executive Directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. During the Period, each of Mr. Zhang Gaobo and Prof. He Jia attended both of the extraordinary general meeting (“EGM”) and the annual general meeting (“AGM”) of the Company which were held on 13 May 2016 and 31 August 2016 respectively. However, due to other business commitment on urgent basis, Mr. Zhang Zhi Ping, the Chairman and an executive Director (“ED”) and Mr. Kwong Che Keung Gordon, the chairman of the audit committee and an independent non-executive Director (“INED”), did not attend the EGM while Dr. Liu Zhiwei, the president and an ED and Mr. Wang Xiaojun, the chairman of remuneration committee and an INED, did not attend the AGM. Nevertheless, each of Dr. Liu Zhiwei and Mr. Wang Xiaojun attended the EGM and each of Mr. Zhang Zhi Ping and Mr. Kwong Che Keung Gordon attended the AGM.

## ● MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

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

As at 30 September 2016, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation(s) (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:

## ● MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

Name of director	Number of ordinary shares/underlying shares held in the Company				Total interests as to % to the issued share capital of the Company as at 30 September 2016 (note 1)
	Capacity in which interests are held	Corporate interests in shares	Interests under equity derivatives	Total interests	
Mr. ZHANG Zhi Ping (notes 2 & 3)	Interest of controlled corporation	359,800,000	-	359,800,000	19.54%
Mr. ZHANG Gaobo (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%

#### 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 30 September 2016.
- (2) This represented 330,000,000 shares held by Ottness Investments Limited ("OIL") and 29,800,000 shares held by Oriental Patron Financial Services Group Limited ("OPFSGL").
- (3) OIL is a wholly owned subsidiary of Oriental Patron Financial Group Limited ("OPFGL"), while 95% of the issued share capital of OPFSGL is owned by OPFGL. The entire issued share capital of OPFGL is beneficially owned as to 51% by Mr. Zhang Zhi Ping and 49% by Mr. Zhang Gaobo. By virtue of the SFO, each of Mr. Zhang Zhi Ping and Mr. Zhang Gaobo is deemed to be interested in the shares and underlying shares of the Company held by OIL and OPFSGL.

Save as disclosed above, as at 30 September 2016, none of the Directors or chief executive had any interest and short positions in the shares, underlying shares and debentures 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.

## ● MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 September 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 are in addition to those disclosed above in respect of the Directors and chief executive.

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

Name of shareholder	Capacity in which interests are held	Number of ordinary shares/underlying shares held in the Company			Total interests as to % to the issued share capital of the Company as at 30 September 2016 (note 1)
		Corporate interests in shares	Interests under equity derivatives	Total Interests	
OIL (note 3)	Beneficial owner	330,000,000	-	330,000,000	17.92%
OPFGL (note 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)	Interest of controlled corporation	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%
Ms. YANG Fuji	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%

## ● MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

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 30 September 2016 <small>(note 1)</small>
		Corporate interests in shares	Interests under equity derivatives			
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 30 September 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 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 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 issued share capital in GLFL. By virtue of the SFO, Mr. Wang is deemed to be interested in the shares held by GLFL.

● MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

Save as disclosed above, as at 30 September 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 Period was the Company or its associated corporation(s) 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 corporation(s).

AUDIT COMMITTEE

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

● **MANAGEMENT DISCUSSION AND ANALYSIS** (CONTINUED)

## REVIEW OF INTERIM FINANCIAL INFORMATION

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

## APPRECIATION

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

By order of the Board

**OP Financial Investments Limited**

**ZHANG Gaobo**

*Executive Director and CEO*

Hong Kong SAR, 28 November 2016

# ● INDEPENDENT REVIEW REPORT

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

*(Incorporated in Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 33 to 88, which comprises the interim condensed consolidated statement of financial position of OP Financial Investments Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 September 2016 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



● **INDEPENDENT REVIEW REPORT** (CONTINUED)

## SCOPE OF REVIEW

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

## CONCLUSION

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

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 28 November 2016

# ● CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

		<b>Six months ended 30 September</b>	
		<b>2016 (Unaudited) HK\$'000</b>	2015 (Unaudited) HK\$'000
	Note		
Revenue	6	46,662	12,825
Net change in unrealised (loss)/gain on financial assets at fair value through profit or loss	15		
– Classified as held for trading		(55,704)	(27,606)
– Designated as such upon initial recognition		(329)	(1,936)
		(56,033)	(29,542)
Realised gain on sale of listed investment		125,741	–
Realised gain on redemptions of investment funds		–	15,265
Realised gain on sale of financial assets at fair value through profit or loss		–	7,269
Distribution from capital return on investment in a joint venture		–	66,824
Impairment loss on available-for-sale financial assets	14	(46,125)	(14,088)
Equity-settled share-based payments	18	(5,602)	(387)
Operating and administrative expenses		(42,993)	(26,937)
<b>Profit from operations</b>		<b>21,650</b>	<b>31,229</b>
Share of results of associates		14,700	13,484
Impairment loss on investment in an associate	13	(1,765)	–
<b>Profit before tax</b>		<b>34,585</b>	<b>44,713</b>
Taxation	8	(12,958)	–
<b>Profit for the Period</b>	<b>9</b>	<b>21,627</b>	<b>44,713</b>

## ● CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 September 2016

		<b>Six months ended 30 September</b>	
		<b>2016 (Unaudited) HK\$'000</b>	2015 (Unaudited) HK\$'000
	Note		
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Available-for-sale financial assets:			
Fair value changes	14	(48,924)	(17,346)
Impairment losses	14	46,125	14,088
Share of other comprehensive income of associates:			
Fair value changes of available-for-sale financial assets		–	(2,456)
Exchange differences		(170)	(234)
<b>Net other comprehensive income for the Period</b>		<b>(2,969)</b>	<b>(5,948)</b>
<b>Total comprehensive income for the Period</b>		<b>18,658</b>	<b>38,765</b>
<b>Earnings per share</b>			
<b>Basic</b>	11(a)	<b>1.17 cents</b>	3.65 cents
<b>Diluted</b>	11(b)	<b>1.17 cents</b>	3.64 cents

The notes on pages 40 to 88 form an integral part of this condensed consolidated interim financial information.

# ● CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

	Note	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	12	311	96
Investments accounted for using equity method	13	478,321	466,453
Available-for-sale financial assets	14	283,515	192,721
Financial assets at fair value through profit or loss	15	133,150	8,596
		<b>895,297</b>	<b>667,866</b>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	15	517,930	274,934
Accounts and loans receivable	16	11,663	3,905
Interest receivable		18,390	804
Prepayments and other receivables		714	39,655
Bank and cash balances		1,210,739	1,670,548
		<b>1,759,436</b>	<b>1,989,846</b>
<b>TOTAL ASSETS</b>		<b>2,654,733</b>	<b>2,657,712</b>
<b>Capital and reserves</b>			
Share capital	17	184,140	184,140
Reserves		2,432,428	2,454,203
<b>TOTAL EQUITY</b>		<b>2,616,568</b>	<b>2,638,343</b>

## ● CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 September 2016

	Note	<b>30 September 2016 (Unaudited) HK\$'000</b>	31 March 2016 (Audited) HK\$'000
<b>Current liabilities</b>			
Receipt in advance		5,600	–
Other payables		4,929	4,691
Tax payable		27,636	14,678
<b>TOTAL LIABILITIES</b>		<b>38,165</b>	19,369
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,654,733</b>	2,657,712
<b>NET ASSETS</b>		<b>2,616,568</b>	2,638,343
<b>Net asset value per share</b>	19	<b>HK\$1.42</b>	HK\$1.43

The notes on pages 40 to 88 form an integral part of this condensed consolidated interim financial information.

# ● CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

(Unaudited)

	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	
<b>At 1 April 2015</b>		94,140	965,680	18,494	5,227	-	183,315	1,266,856
Vesting of share options	18	-	-	6,276	-	-	-	6,276
Unvested share options lapsed	18	-	-	(5,889)	-	-	-	(5,889)
Share options forfeited	18	-	-	(5,308)	-	-	5,308	-
Issue of new shares	17	90,000	1,232,880	-	-	-	-	1,322,880
Total comprehensive income for the period		-	-	-	(5,714)	(234)	44,713	38,765
<b>At 30 September 2015</b>		184,140	2,198,560	13,573	(487)	(234)	233,336	2,628,888
<b>At 1 April 2016</b>		184,140	2,198,560	16,020	1,031	(307)	238,899	2,638,343
Vesting of share options	18	-	-	5,602	-	-	-	5,602
Dividend paid	10	-	-	-	-	-	(46,035)	(46,035)
Total comprehensive income for the period		-	-	-	(2,799)	(170)	21,627	18,658
<b>At 30 September 2016</b>		184,140	2,198,560	21,622	(1,768)	(477)	214,491	2,616,568

The notes on pages 40 to 88 form an integral part of this condensed consolidated interim financial information.

## ● CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	<b>Six months ended 30 September</b>	
	<b>2016 (Unaudited) HK\$'000</b>	<b>2015 (Unaudited) HK\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash (used in)/generated from operations	<b>(317,950)</b>	87,101
Dividend received	<b>698</b>	2,038
Interest received	<b>3,823</b>	2,762
<hr/>		
Net cash (used in)/generated from operating activities	<b>(313,429)</b>	91,901
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in available-for-sale financial assets	<b>(139,717)</b>	–
Distribution from investment in an associate	<b>39,634</b>	45,276
Loan repayment received	–	4,500
Proceeds from disposal of an investment	–	285,650
Purchase of property, plant and equipment	<b>(262)</b>	(34)
<hr/>		
Net cash (used in)/generated from investing activities	<b>(100,345)</b>	335,392
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	<b>(46,035)</b>	–
Net proceeds from issuance of new shares	–	1,322,880
<hr/>		
Net cash (used in)/generated from financing activities	<b>(46,035)</b>	1,322,880

● **CONDENSED CONSOLIDATED STATEMENT OF  
CASH FLOWS** (CONTINUED)

For the six months ended 30 September 2016

	<b>Six months ended 30 September</b>	
	<b>2016 (Unaudited) HK\$'000</b>	<b>2015 (Unaudited) HK\$'000</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(459,809)</b>	1,750,173
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>1,670,548</b>	513,375
<b>EXCHANGE GAIN ON CASH AND CASH EQUIVALENTS</b>	–	19
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>1,210,739</b>	2,263,567
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances	<b>1,210,739</b>	2,263,567

The notes on pages 40 to 88 form an integral part of this condensed consolidated interim financial information.



# ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 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 is an investment holding company. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

The financial information relating to the year ended 31 March 2016 that is included in the condensed consolidated interim financial information for the six months ended 30 September 2016 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

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

The unaudited condensed consolidated interim financial information for the six months ended 30 September 2016 (the “Period”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 March 2016, except as stated in note 3 below.

### **3 Accounting policies**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2016, as described in those annual financial statements, except:

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

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

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 3 Accounting policies (Continued)

- Amendments to HKFRS 10, HKFRS 12 and HKAS 28 on investment entities: applying the consolidation exception clarifies the application of the consolidation exception for investment entities and their subsidiaries. The amendments to HKFRS 10 clarifies that the exception from preparing consolidated financial statements is available to intermediate parent entities which are subsidiaries of investment entities. The exception is available when the investment entity parent measures its subsidiaries at fair value. The intermediate parent would also need to meet the other criteria for exception listed in HKFRS 10. The amendments also clarifies that an investment entity should consolidate a subsidiary which is not an investment entity and which provides services in support of the investment entity's investment activities, such that it acts as an extension of the investment entity. However, the amendments also 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 allows an entity which is not an investment entity, but has an interest in an associate or a joint venture which is an investment entity, a relief to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture for their subsidiaries when applying the equity method. The standard is effective for annual periods beginning on or after 1 January 2016 and earlier adoption 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 adoption is permitted. The Group is assessing the impact of amendments to HKAS 27.

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 3 Accounting policies (Continued)

“Annual Improvements to HKFRSs 2012–2014 Cycle”, effective for the accounting period on or after 1 January 2016, includes a number of amendments to various HKFRSs. None of the amendments are expected to have an impact to the Group except for amendments to HKFRS 7 “Financial instruments: Disclosures” and amendments to HKAS 34 “Interim financial reporting”. The impact of these two amendments are summarised below:

- HKFRS 7 Financial instruments: Disclosures clarifies the additional disclosure required by the amendments to HKFRS 7, ‘Disclosure – offsetting financial assets and financial liabilities’ is not specifically required for all interim periods, unless required by HKAS 34.
- HKAS 34 Interim financial reporting clarifies what is meant by the reference in the standard to ‘information disclosed elsewhere in the interim financial report’. It also amends HKAS 34 to require a cross-reference from the interim financial statements to the location of that information.
- Other amendments to HKFRS effective for the annual periods beginning on or after 1 April 2016 do not have a material impact to the Group.

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 3 Accounting policies (Continued)

The following standards and amendments to standards have been issued but are not effective for the financial period beginning 1 April 2016 and have not been early adopted:

- i) 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.

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 3 Accounting policies (Continued)

- ii) HKFRS 15 “Revenue from contracts with customers” deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 “Revenue” and HKAS 11 “Construction contracts” and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier adoption is permitted. The Group is assessing the impact of HKFRS 15.
- iii) 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 adoption is permitted. The Group is assessing the impact of HKFRS 16.

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

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### **4 Critical accounting estimates and judgement**

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, 14 and 15 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.

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 4 Critical accounting estimates and judgement (Continued)

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

The Group determines the fair value of its share options by using the Black-Scholes valuation model which requires input of subjective assumptions as disclosed in note 18. 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### **4 Critical accounting estimates and judgement (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\$46,125,000 and HK\$14,088,000 for the periods ended 30 September 2016 and 2015 respectively. Please refer to note 14 “available-for-sale financial assets” for more details.

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 5 Financial instruments

#### (a) Financial risk management

The Group's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, equity price risk, credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 March 2016.

There has been no change in the risk management policies since year ended 31 March 2016.

#### (b) Fair value 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 use market bid/ask price to value its listed investments which is permitted under HKFRS 13.

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

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 5 Financial instruments (Continued)

#### (b) Fair value estimation (Continued)

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

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

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

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

#### Disclosures of level in fair value hierarchy at 30 September 2016 (unaudited)

*Fair value measurement using:*

Description	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Financial assets at fair value through profit or loss</b>				
Listed securities	4,626	–	–	4,626
Unlisted debt investments	–	–	623,629	623,629
Unlisted investment funds	–	15,523	7,302	22,825
<b>Available-for-sale financial assets</b>				
Listed securities	5,284	–	–	5,284
Unlisted equity investments	–	–	278,231	278,231
<b>Total</b>	<b>9,910</b>	<b>15,523</b>	<b>909,162</b>	<b>934,595</b>

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 5 Financial instruments (Continued)

#### (b) Fair value estimation (Continued)

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

Description	Period ended 30 September 2016 (unaudited)			
	Financial assets at fair value through profit or loss		Available-for-sale financial assets	Total HK\$'000
	Unlisted debt investments HK\$'000	Unlisted investment funds HK\$'000	Unlisted equity investments HK\$'000	
At the beginning of the Period	-	8,596	185,059	193,655
Total gains or losses recognised				
- in profit or loss <sup>(a)</sup>	42	(371)	-	(329)
- in other comprehensive income	-	-	(46,545)	(46,545)
Additions	623,587	-	139,717	763,304
Distributions	-	(923)	-	(923)
At the end of the Period	623,629	7,302	278,231	909,162
<sup>(a)</sup> Total gains or losses included in profit or loss that is attributable to the change in unrealized gains or loss relating to those assets and liabilities held at the end of the reporting period	42	(371)	-	(329)

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 5 Financial instruments (Continued)

#### (b) Fair value estimation (Continued)

*Disclosures of level in fair value hierarchy at 31 March 2016 (audited)*

Fair value measurement using:

Description	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss				
Listed securities	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
<b>Total</b>	<b>258,888</b>	<b>23,708</b>	<b>193,655</b>	<b>476,251</b>

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 5 Financial instruments (Continued)

#### (b) Fair value estimation (Continued)

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

Description	Year ended 31 March 2016 (Audited)		
	Financial assets at fair value through profit or loss		Available-for-sale financial assets
	Unlisted investment funds HK\$'000	Unlisted equity investments HK\$'000	Total HK\$'000
At the beginning of the year	11,823	201,975	213,798
Total gains or losses recognized			
– in profit or loss <sup>(#)</sup>	(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

<sup>(#)</sup> Total gains or losses included in profit or loss that is attributable to the change in unrealized gains or loss relating to those assets and liabilities held at the end of the reporting period	(3,684)	–	(3,684)
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# For financial assets at fair value through profit or loss, the total gains or losses recognized, including those for assets held at the end of reporting period, are presented in profit or loss in "net change in unrealized gain/loss on financial assets at fair value through profit or loss". For available-for-sale-financial assets, these amounts are presented in other comprehensive income in "available-for-sale financial assets: fair value changes during the period/year".

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 5 Financial instruments (Continued)

#### (b) Fair value estimation (Continued)

The condensed interim financial information includes holdings in unlisted financial instruments which are measured at fair value (note 14 and note 15). Fair values are estimated using generally accepted pricing models, which included some assumptions that are not supportable by observable market rates. In determining the fair value, certain unobservable inputs and a risk adjusted discount factor were used.

(Unaudited)

Description	Fair value at 30 September 2016 HK\$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
<b>Available-for-sale financial assets</b>					
OPIM and OPIMC (non-voting preference shares)	25,939	Discounted cash flow	Discount rate	12.92%	Higher the discount rate, lower the fair value
			Growth rate	-3.61% to 14.07%	Higher the growth rate, higher the fair value
			Long term growth rate	3.19%	Higher the growth rate, higher the fair value
Thrive World Limited (equity interest)	104,628	Discounted cash flow	Discount rate	14.26%	Higher the discount rate, lower the fair value
			Forecast oil price	US\$50 to 62 per barrel for 2016 to 2019	Higher the oil price, higher the fair value
Jin Dou Development Fund, L.P. (partnership interest)	5,372	Share of net assets	N/A	N/A	N/A
OP Vision L.P. (partnership interest)	2,674	Share of net assets	N/A	N/A	N/A
Xiaoju Kuaizhi (preference shares)	116,348	Latest transaction price	N/A	N/A	N/A
Tsingdata Holdings L.P. (partnership interest)	23,270	Latest transaction price	N/A	N/A	N/A
Dance Biopharm Holdings Inc (equity interest)	-	Latest transaction price with discounted factors	N/A	N/A	N/A

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 5 Financial instruments (Continued)

#### (b) Fair value estimation (Continued)

Description	Fair value at 30 September 2016 HK\$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
<i>Financial assets at fair value through profit or loss</i>					
Real Estate Opportunity Capital Fund (partnership interest)	3,869	Share of net assets	N/A	N/A	N/A
Zhong Wei Capital L.P. (partnership interest)	3,433	Share of net assets	N/A	N/A	N/A
Guardforce Investment Holdings Pty Ltd (commercial note)	497,781	Effective interest rate	N/A	N/A	N/A
Guardforce Holdings (HK) Ltd (exchangeable bond)	116,348	Effective interest rate	N/A	N/A	N/A
Finance Center for South-South Cooperation Limited (promissory note)	9,500	Effective interest rate	N/A	N/A	N/A



## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 5 Financial instruments (Continued)

#### (b) Fair value estimation (Continued)

(Audited)

Description	Fair value at 31 March 2016 HK\$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
<b>Available-for-sale financial assets</b>					
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
			Forecast 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 transacted 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
<b>Financial assets at fair value through profit or loss</b>					
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

The change in valuation disclosed in the above table shows the direction an increase or decrease in the respective input variables would have on the valuation result.

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

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 6 Revenue

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

	<b>Six months ended 30 September</b>	
	<b>2016 (Unaudited) HK\$'000</b>	2015 (Unaudited) HK\$'000
Dividend income from unlisted investments	698	2,038
Performance premium from co-investment partner	7,758	7,752
Option premium received	16,798	–
Interest income	21,408	3,035
	<b>46,662</b>	12,825

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 7 Segment information

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

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

#### Geographical information

	<b>Six months ended 30 September</b>	
	<b>2016 (Unaudited) HK\$’000</b>	2015 (Unaudited) HK\$’000
<b>Revenue</b>		
Hong Kong	<b>30,118</b>	5,037
China	<b>7,758</b>	7,788
Other countries	<b>8,786</b>	–
	<b>46,662</b>	12,825

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 7 Segment information (Continued)

#### Geographical information (Continued)

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

	<b>30 September 2016 (Unaudited) HK\$'000</b>	31 March 2016 (Audited) HK\$'000
<b>Non-current assets other than financial instruments</b>		
Hong Kong	<b>126,961</b>	114,878
China	<b>351,671</b>	351,671

#### Information about major investments

During the Period, call option premium received, interest income received from two of the Group's debt instruments and performance premiums derived from one of the Group's unlisted investments, which individually accounted for 10% (2015: 10%) or more of the Group's revenue amounted to approximately HK\$16,798,000, HK\$9,183,000, HK\$8,088,000 and HK\$7,758,000 respectively (2015: performance premium derived from one of the Group's unlisted investments and dividend received from one of the investments, amounted to approximately HK\$7,752,000 and HK\$2,038,000).

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### **8 Taxation**

Taxation represents Hong Kong Profits Tax which has been provided at a rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the Period (2015: nil).

As at 30 September 2016, the Group has unused tax losses of approximately HK\$16,375,000 (31 March 2016: HK\$44,086,000) available to offset against future profits.

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

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 9 Profit for the Period

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

	<b>Six months ended 30 September</b>	
	<b>2016 (Unaudited) HK'000</b>	<b>2015 (Unaudited) HK'000</b>
Auditor's remuneration		
– Audit	703	585
– Others	302	285
	<b>1,005</b>	870
Depreciation	47	8
Investment management fee	20,663	13,364
Operating lease payments in respect of office premises	2,751	2,236
Staff costs (including directors' emoluments)		
Salaries and other benefits	10,523	8,396
Retirement benefits scheme contributions	175	136
Equity-settled share based compensation	5,602	387
	<b>16,300</b>	8,919

### 10 Dividend

The Board has resolved not to pay any interim dividend in respect of the Period (2015: Nil).

The Directors recommended the payment of a final dividend of HK 2.5 cents per ordinary share for the year ended 31 March 2016 to the shareholders whose names are registered on the register of members of the Company on 7 September 2016. It was approved at the Annual General Meeting held on 31 August 2016 and total final dividend of HK\$46,034,900 was paid on 15 September 2016.

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 11 Earnings per share

#### (a) Basic earnings per share

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

	<b>Six months ended 30 September</b>	
	<b>2016 (Unaudited)</b>	2015 (Unaudited)
Profit for the Period (HK\$'000)	<b>21,627</b>	44,713
Weighted average number of ordinary shares in issue (in thousand)	<b>1,841,396</b>	1,226,642
Basic earnings per share	<b>1.17 cents</b>	3.65 cents

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 11 Earnings per share (Continued)

#### (b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	<b>Six months ended 30 September</b>	
	<b>2016 (Unaudited)</b>	2015 (Unaudited)
Profit for the Period (HK\$'000)	<b>21,627</b>	44,713
Weighted average number of ordinary shares in issue (in thousand)	<b>1,841,396</b>	1,226,642
Adjustment for shares options (in thousand)	–	94
Weighted average number of ordinary shares for diluted earnings per share (in thousand)	<b>1,841,396</b>	1,226,736
Diluted earnings per share	<b>1.17 cents</b>	3.64 cents



## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 12 Property, plant and equipment

	Motor vehicles HK\$'000	Computer equipment HK\$'000	Office equipment HK\$'000	Furniture HK\$'000	Total HK\$'000
<b>Cost</b>					
At 1 April 2015	–	94	11	76	181
Additions	–	34	–	–	34
At 30 September 2015	–	128	11	76	215
<b>Accumulated depreciation</b>					
At 1 April 2015	–	71	11	73	155
Charge for the period	–	8	–	–	8
At 30 September 2015	–	79	11	73	163
<b>Carrying amount</b>					
<b>At 30 September 2015</b>	–	49	–	3	52
<b>Cost</b>					
At 1 April 2016	–	156	11	101	268
Additions	200	62	–	–	262
At 30 September 2016	200	218	11	101	530
<b>Accumulated depreciation</b>					
At 1 April 2016	–	87	11	74	172
Charge for the Period	28	15	–	4	47
At 30 September 2016	28	102	11	78	219
<b>Carrying amount</b>					
<b>At 30 September 2016</b>	172	116	–	23	311

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 13 Investments accounted for using equity method

	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Associates	478,321	466,453

Details of the investments at 30 September 2016 and 31 March 2016 are as follows:

Name of entity	Percentage of ownership interest	Carrying amount at	
		30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
<b>Associates</b>			
Treasure Up Ventures Limited ("TUVL")	25% (31.3.2016: 25%)	351,671	351,671
CSOP Asset Management Limited ("CSOP")	24% (31.3.2016: 24%)	119,385	104,682
Guotai Junan Fund Management Limited ("Guotai Junan")	29.9% (31.3.2016: 29.9%)	6,194	7,039
OPIM Holdings Limited ("OPIMH")	30% (31.3.2016: 30%)	740	965

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 13 Investments accounted for using equity method (Continued)

Name of entity	Percentage of ownership interest	Carrying amount at	
		30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
<b>Associates</b>			
Harmony Plus Holdings Limited ("Harmony Plus") (note a)	20% (31.3.2016: 20%)	331	2,096
Miran Capital Management Limited ("MCM")	29% (31.3.2016: 29%)	–	–
South South Green Energy Limited	30% (31.3.2016: 30%)	–	–
		<b>478,321</b>	<b>466,453</b>

Notes:

- (a) During the Period, in view of the tough market condition, financial difficulties facing by investee and the uncertainties in commercialisation of the medical product facing by Dance Biopharm, the Board determined that our investment in Harmony Plus Holdings Ltd., the proposed exclusive distributor of Dance in Asia, has been impaired. An impairment loss of approximately HK\$1,765,000 was recognised in the profit or loss.

For the description of the business and financial information of the other investments, please refer to note 15 of the Group's 2015/16 annual report.

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 14 Available-for-sale financial assets

	<b>30 September 2016 (Unaudited) HK\$'000</b>	31 March 2016 (Audited) HK\$'000
Listed equity securities, at fair value	5,284	7,662
Unlisted equity securities, at fair value	278,231	185,059
	<b>283,515</b>	192,721

During the Period, net change in unrealised loss of approximately HK\$48,924,000 (2015: loss of approximately HK\$17,346,000) arising from changes in fair value of available-for-sale financial assets was recognised directly in the investment revaluation reserve.

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 14 Available-for-sale financial assets (Continued)

Details of the Group's available-for-sale financial assets at 30 September 2016 and 31 March 2016 are as follows:

Name of investee	Proportion of investees' capital owned	Fair value at	
		30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
<b>Listed equity securities</b>			
Kaisun Energy Group Limited ("Kaisun Energy")	3.5% (31.3.2016: 3.5%)	5,284	7,662
<b>Unlisted equity securities</b>			
Thrive World Limited ("TWL") (note a)	10% of ordinary shares (31.3.2016: 10%)	104,628	131,295
OPIM/OPIMC	100% of non- voting preference shares (31.3.2016: 100%)	25,939	22,929
Jin Dou Development Fund, L.P. ("Jin Dou")	1.48% of total contribution (31.3.2016: 1.48%)	5,372	5,559
Dance Biopharm Holdings Inc. ("Dance Holding") (note b)	3.55% of common shares (31.3.2016: 3.72%)	–	21,268
OP Vision L.P. ("OP Vision")	66.7% of total contribution (31.3.2016: 66.7%)	2,674	4,008

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 14 Available-for-sale financial assets (Continued)

Name of investee	Proportion of investees' capital owned	Fair value at	
		30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Xiaoju Kuaizhi Inc. ("Xiaoju") (note c)	0.055% of non-voting preference shares (31.3.2016: nil)	116,348	–
Tsingdata Holdings L.P. ("Tsingdata") (note d)	47.3% of total contribution (31.3.2016: nil)	23,270	–
		<b>283,515</b>	192,721

Notes:

- Impairment loss on the investment in Thrive World Limited of HK\$26,667,000 was charged to profit or loss for the Period.
- In view of the tough market condition, financial difficulties facing by investee, and the uncertainties in commercialisation of the core product of Dance Biopharm, the Board determined that our investment in Dance Biopharm common stocks has been impaired. An impairment loss of approximately HK\$17,080,000 was recognised in the profit or loss.
- In July 2016, the Company through a subsidiary, Profit Raider Investments Limited, subscribed 392,392 shares of series A-18 preferred shares issued by Xiaoju Kuaizhi Inc. at a consideration of US\$15 million, or approximately HK\$116,348,000. Xiaoju is the owner of the Chinese ride-hailing service provider – Didi Chuxing.
- In August 2016, the Company through a subsidiary, Profit Raider Investments Limited, signed a limited partnership agreement in which the Company acted as one of the limited partners of Tsingdata Holdings L.P. and contributed US\$3 million, or approximately HK\$23,270,000 to the limited partnership. Tsingdata Holdings L.P. is established for the purpose of investing into Gooagoo Group Holdings Ltd, which is a high-tech service provider for Offline-to-Online data processing, big data analysis and online marketing platform operation.

For the description of the business and financial information of the other investments, please refer to note 16 of the Group's 2015/16 annual report.

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

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

	<b>30 September 2016 (Unaudited) HK\$'000</b>	31 March 2016 (Audited) HK\$'000
Listed equity securities	4,626	251,226
Unlisted investment funds	22,825	32,304
Unlisted debt investments	623,629	–
	<b>651,080</b>	283,530
Analysed as:		
Current assets	517,930	274,934
Non-current assets	133,150	8,596
	<b>651,080</b>	283,530

During the Period, net change in unrealised loss of approximately HK\$56,033,000 (2015: HK\$29,542,000) arising from changes in fair value of financial assets at fair value through profit or loss was recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 15 Financial assets at fair value through profit or loss (Continued)

Details of the Group's financial assets at fair value through profit or loss at 30 September 2016 and 31 March 2016 are as follows:

Name of investee	Carrying amount at	
	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
<b>Equity securities listed on the Stock Exchange</b>		
Changhong Jiahua Holdings Limited	4,626	5,552
Phoenix Healthcare Group Co. Ltd. (note a)	–	245,674
<b>Unlisted investment funds</b>		
Greater China Select Fund (note b)	7,618	15,281
Greater China Special Value Fund (note b)	7,905	8,427
Real Estate Opportunity Capital Fund (note b)	3,869	5,668
Zhong Wei Capital L.P. (note b)	3,433	2,928
<b>Unlisted debt investments</b>		
Commercial note issued by Guardforce Investment Holdings Pty Ltd (note c)	497,781	–
Exchangeable bond issued by Guardforce Holdings (HK) Limited (note d)	116,348	–
Promissory note issued by Finance Center For South-South Cooperation Limited (note e)	9,500	–
	<b>651,080</b>	<b>283,530</b>



## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### **15 Financial assets at fair value through profit or loss (Continued)**

Notes:

- (a) The Group has disposed all the listed shares of Phoenix Healthcare Group Co. Ltd. during the Period.
- (b) The change in fund values represented the unrealised gains/losses recognised during the Period.
- (c) In June 2016, the Group through a subsidiary, Profit Raider Investments Limited, subscribed US\$64,176,000, or approximately HK\$497,781,000 secured commercial note issued by Guardforce Investment Holdings Pty Ltd, a subsidiary of China Security & Fire Co., Ltd. ("China S&F"), a listed company on Shanghai Stock Exchange (Stock Code: 600654). The commercial note carries 6.5% annual interest with maturity on 15 December 2016.
- (d) In April 2016, the Group through a subsidiary, Profit Raider Investments Limited, subscribed US\$15,000,000, or approximately HK\$116,348,000 exchangeable bond issued by Guardforce Holdings (HK) Ltd, a company controlled by Mr. Tu Guoshen, the controlling shareholder of China S&F. The bond carries 20% annual interest with maturity on 29 April 2018, and is exchangeable for 75% issued and fully paid up ordinary shares of Guardforce Holdings Ltd, which indirectly holds 97.5% common shares of Guardforce Cash Solutions (Thailand) Ltd, a cash solutions provider engaging in cash management and automated teller machine management services in Thailand.
- (e) In June 2016, the Company subscribed HK\$9,500,000 promissory note issued by Finance Center For South-South Cooperation Limited. The note carries 5% annual interest with maturity on 21 June 2019.

For the description of the business and financial information of the other investments, please refer to note 17 of the Group's 2015/16 report.

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 16 Accounts and loans receivable

	Note	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Accounts receivable	(a)	11,635	3,877
Amounts due from associates	(b)	28	28
		<b>11,663</b>	<b>3,905</b>
Analysed as:			
Current assets		<b>11,663</b>	<b>3,905</b>

Notes:

- (a) At 30 September 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:

	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Unbilled	11,635	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 30 September 2016 and 31 March 2016, the accounts receivable were neither past due nor impaired.

- (b) Amounts due from associates are interest-free, unsecured and repayable on demand.

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 17 Share capital

	Number of shares (in thousands)	HK\$'000 (unaudited)
Ordinary shares of HK\$0.10 each		
<i>Authorised:</i>		
At 1 April 2015	2,000,000	200,000
Increased in authorised share capital (note a)	2,000,000	200,000
<hr/>		
At 31 March 2016 and 1 April 2016	4,000,000	400,000
<hr/>		
At 30 September 2016	4,000,000	400,000
<hr/>		
<i>Issued and fully paid:</i>		
At 1 April 2015	941,396	94,140
Placement of shares (note b)	900,000	90,000
<hr/>		
At 31 March 2016 and 1 April 2016	1,841,396	184,140
<hr/>		
At 30 September 2016	1,841,396	184,140
<hr/>		

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 17 Share capital (Continued)

Notes:

- (a) For 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 HK\$0.10 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 placees 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.

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

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

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the share option scheme at any time not later than 10 years from the date on which the offer for grant of the option is made. Subject to the terms of the share options determined by the Board, the participant may have to meet certain vesting conditions before becoming unconditionally entitled to the share options. For the share options that existed during the periods ended 30 September 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.

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 18 Share option scheme (Continued)

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

Grantee	Date of grant	Outstanding at beginning of the Period	Granted during the Period	Outstanding at the end of the Period	Exercisable at the end of the Period	Exercise price HK\$	Exercise period
Directors of group companies	20.5.2016	-	4,500,000	4,500,000	-	1.65	20.5.2017 to 19.5.2021
Directors of group companies	20.5.2016	-	4,500,000	4,500,000	-	1.65	20.5.2018 to 19.5.2021
Directors of group companies	20.5.2016	-	4,500,000	4,500,000	-	1.65	20.5.2019 to 19.5.2021
Directors of group companies	20.5.2016	-	4,500,000	4,500,000	-	1.65	20.5.2020 to 19.5.2021
Employees	20.5.2016	-	4,500,000	4,500,000	-	1.65	20.5.2017 to 19.5.2021
Employees	20.5.2016	-	4,500,000	4,500,000	-	1.65	20.5.2018 to 19.5.2021
Employees	20.5.2016	-	4,500,000	4,500,000	-	1.65	20.5.2019 to 19.5.2021

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 18 Share option scheme (Continued)

Movement of the Company's share options during the Period: (continued)

Grantee	Date of grant	Outstanding at beginning of the Period	Granted during the Period	Outstanding at the end of the Period	Exercisable at the end of the Period	Exercise price HK\$	Exercise period
Employees	20.5.2016	-	4,500,000	4,500,000	-	1.65	20.5.2020 to 19.5.2021
Consultants	20.5.2016	-	3,750,000	3,750,000	-	1.65	20.5.2017 to 19.5.2021
Consultants	20.5.2016	-	3,750,000	3,750,000	-	1.65	20.5.2018 to 19.5.2021
Consultants	20.5.2016	-	3,750,000	3,750,000	-	1.65	20.5.2019 to 19.5.2021
Consultants	20.5.2016	-	3,750,000	3,750,000	-	1.65	20.5.2020 to 19.5.2021
		-	51,000,000	51,000,000	-		

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 18 Share option scheme (Continued)

Movement of the Company's share options during the six months ended 30 September 2015:

Grantee	Date of grant	Outstanding at beginning of the period	Granted during the period	Lapsed during the period	Forfeited during the period	Outstanding at end of the period	Exercisable at the end of the period	Exercise price HK\$	Exercise period
Directors of group companies	20.4.2010	3,500,000	-	-	(3,500,000)	-	-	1.64	20.4.2010 to 19.4.2015
Directors of group companies	20.4.2010	3,500,000	-	(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



## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 18 Share option scheme (Continued)

Movement of the Company's share options during the six months ended 30 September 2015: (continued)

Grantee	Date of grant	Outstanding at beginning of the period	Granted during the period	Lapsed during the period	Forfeited during the period	Outstanding at end of the period	Exercisable at the end of the period	Exercise price HK\$	Exercise period
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	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
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	-	6,250,000	-	(1,250,000)	5,000,000	-	1.65	22.5.2016 to 21.5.2020

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 18 Share option scheme (Continued)

Movement of the Company's share options during the six months ended 30 September 2015: (continued)

Grantee	Date of grant	Outstanding at beginning of the period	Granted during the period	Lapsed during the period	Forfeited during the period	Outstanding at end of the period	Exercisable at the end of the period	Exercise price HK\$	Exercise period
Employees	22.5.2015	-	6,250,000	-	(1,250,000)	5,000,000	-	1.65	22.5.2017 to 21.5.2020
Employees	22.5.2015	-	6,250,000	-	(1,250,000)	5,000,000	-	1.65	22.5.2018 to 21.5.2020
Employees	22.5.2015	-	6,250,000	-	(1,250,000)	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	56,000,000	(14,000,000)	(12,000,000)	58,500,000	7,500,000		

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### **18 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, HK\$1.62 and HK\$1.45 on 20 April 2010, 18 February 2011, 22 May 2015 and 20 May 2016 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.

All share options granted on 22 May 2015 were cancelled on 29 February 2016 and replaced by the new grant of share options on 20 May 2016. The total fair value of the new share options granted 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. The Company will continue to recognize equity settled share-based payments based on the fair value of the share options granted on 22 May 2015.

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.

- (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.

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 18 Share option scheme (Continued)

(c) (continued)

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

Theoretical aggregate value:	HK\$13,706,000
Fair value reversed in profit or loss during the current period:	HK\$Nil (2015: HK\$5,794,000)
Risk free interest rate:	2.027%
Expected volatility:	97.288%
Expected life of the options:	5 years from the date of grant, i.e. 15 April 2015
Expected dividend yield:	2.423%

All outstanding share options granted on 20 April 2010 were expired on 15 April 2015.

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 current period:	HK\$Nil (2015: HK\$Nil)
Risk free interest rate:	1.897%
Expected volatility:	99.38%
Expected life of the options:	5 years from the date of grant, i.e. 17 February 2016
Expected dividend yield:	0.75%

All share options granted on 18 February 2011 were expired on 17 February 2016.

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

Theoretical aggregate value:	HK\$36,038,000
Fair value recognised in profit or loss during the current period:	HK\$Nil (2015: HK\$6,181,000)
Risk free interest rate:	1.079%
Expected volatility:	62.58%
Expected life of the options:	5 years from the date of grant, i.e. 21 May 2020
Expected dividend yield:	4.58%

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 18 Share option scheme (Continued)

(c) (continued)

Details of the share options granted on 20 May 2016 was as follows:

Theoretical aggregate value:	HK\$36,038,000
Fair value recognised in profit or loss during the current Period:	HK\$5,602,000 (2015: HK\$Nil)
Risk free interest rate:	1.079%
Expected volatility:	62.58%
Expected life of the options:	5 years from the date of grant, i.e. 19 May 2021
Expected dividend yield:	4.58%

For the arrangement of share options granted on 22 May 2015 and 20 May 2016, please refer to note 18(b).

The measurement dates of the share options were 20 April 2010, 18 February 2011, 22 May 2015 and 20 May 2016, being the dates of grant of the share options. Where the grantees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest or lapse.

Options forfeited, if any, before the expiry of the options will be treated as lapsed options which will be added back to the number of ordinary shares available to be issued under the Share Option Scheme.

The expected volatility of the underlying security of the options was determined based on the historical volatility of the share prices of the Company, as extracted from Bloomberg.

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 19 Net asset value per share

The net asset value per share is calculated by dividing the net asset value of the Group as at 30 September 2016 of approximately HK\$2,616,568,000 (31 March 2016: HK\$2,638,343,000) by the number of ordinary shares in issue at that date, being 1,841,396,000 (31 March 2016: 1,841,396,000).

### 20 Commitments

#### (a) Capital commitment

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

	<b>Group</b>	
	<b>30 September 2016 (Unaudited) HK\$'000</b>	31 March 2016 (Audited) HK\$'000
Capital contribution to Jin Dou <sup>(1)</sup>	<b>104,713</b>	104,686
Capital contribution to Zhong Wei Capital L.P. <sup>(2)</sup>	<b>12,410</b>	12,407
Capital contribution to OP Fine Billion L.P. <sup>(3)</sup>	<b>5,000</b>	5,000

<sup>(1)</sup> According to the "Supplementary to Limited Partnership Agreement" signed between the Group and the limited partner of Jin Dou Development Fund, L.P., the Group has committed to a further capital contribution of US\$13.5 million (equivalent to HK\$104.713million) to Jin Dou. The calling of the further capital contribution lies upon the future funding needs of Jin Dou.

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 20 Commitments (Continued)

#### (a) Capital commitment (Continued)

- <sup>(2)</sup> According to the “Second Amended and Restated Limited Partnership Agreement” signed by Profit Raider, a wholly-owned subsidiary of the Group, 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. US\$400,000 was called up to 30 September 2016.
- <sup>(3)</sup> According to the “Exempted Limited Partnership Agreement” signed between OPFI GP(2) Limited, as the general partner, and the limited partner, the Group has committed to a capital contribution of HK\$5 million. The capital will be drawn down on an as-needed basis.

#### (b) Operating lease commitments

At 30 September 2016, the total future minimum lease payments under non-cancellable operating lease for office premises and staff quarter are payable as follows:

	<b>30 September 2016 (Unaudited) HK\$'000</b>	31 March 2016 (Audited) HK\$'000
Within one year	1,637	4,388
In the second to fifth years inclusive	300	660
	<b>1,937</b>	<b>5,048</b>

## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 21 Related party transactions

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

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

1. During the Period, investment management fee of approximately HK\$20,663,000 (2015: approximately HK\$13,364,000) were charged by Oriental Patron Asia Limited ("OPAL"), which is the investment manager of the Company and is a wholly owned subsidiary of Oriental Patron Financial Services Group Limited ("OPFSGL"). OPAL is a related company; as the directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have significant influence in OPFSGL. The investment management fee was charged in accordance with the agreement with OPAL for investment management services and was calculated at 1.5% per annum on the net asset value of the Group at each preceding month end as defined in the agreement.

At 30 September 2016, investment management fee payable of approximately HK\$3,345,000 (at 31 March 2016: HK\$3,394,000) was included in other payables.

2. During the Period, the Group paid rental expense of approximately HK\$2,751,000 to Oriental Patron Management Service Limited ("OPMSL") for office premises (2015: HK\$2,236,000). OPMSL is a wholly owned subsidiary of OPFSGL and it 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.
3. At 30 September 2016, accrued directors' fees due to the Company's independent non-executive directors of approximately HK\$500,000 (31 March 2016: Nil) was included in other payables.



## ● NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2016

### 21 Related party transactions (Continued)

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

	<b>Six months ended 30 September</b>	
	<b>2016 (Unaudited) HK\$'000</b>	2015 (Unaudited) HK\$'000
Salaries and other short-term employee benefits	620	495
Contributions to retirement benefits scheme	6	6
Equity-settled share-based payment <sup>(1)</sup>	1,976	(1,359)
	<b>2,602</b>	(858)

<sup>(1)</sup> The equity-settled share-based payment recognised in the period ended 30 September 2015 represented the lapse of share options granted to the key management personnel on 20 April 2010.

### 22 Approval of condensed consolidated interim financial information

The condensed consolidated interim financial information was approved and authorized for issue by the Board on 28 November 2016.