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## OP FINANCIAL INVESTMENTS LIMITED

東英金融投資有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1140)**

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

#### RESULTS

The board of directors (the “Board” or the “Directors”) of OP Financial Investments Limited (the “Company” or “OP Financial”) and its subsidiaries (the “Group”) is pleased to present to the shareholders the audited consolidated results of the Group for the financial year ended 31 March 2017 (the “Year”) together with comparative figures for the last financial year as follows:

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

*FOR THE YEAR ENDED 31 MARCH 2017*

	<i>Note</i>	<b>2017</b> <b>HK\$'000</b>	2016 HK\$'000
Revenue	3	<b>101,607</b>	29,492
Other income		<b>2,216</b>	–
Net change in unrealized (loss)/gain on financial assets at fair value through profit or loss			
– Classified as held for trading		<b>(58,596)</b>	21,067
– Designated as such upon initial recognition		<b>21,421</b>	(3,685)
		<b>(37,175)</b>	17,382
Net realized gain on disposal of investments		<b>125,741</b>	89,358
Impairment loss on available-for-sale financial assets		<b>(49,927)</b>	(34,334)
Equity-settled share-based payments		<b>(10,061)</b>	(8,953)
Operating and administrative expenses		<b>(116,323)</b>	(71,310)
<b>Profit from operations</b>		<b>16,078</b>	21,635

\* For identification purposes only

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (CONTINUED)**  
*FOR THE YEAR ENDED 31 MARCH 2017*

	<i>Note</i>	<b>2017</b> <b>HK\$'000</b>	2016 HK\$'000
Share of results of investment accounted for using equity method		<b>187,288</b>	23,918
Impairment loss on investment in an associate		<b>(2,096)</b>	(1,416)
<b>Profit before tax</b>		<b>201,270</b>	44,137
Taxation	5	<b>(13,210)</b>	20
<b>Profit for the Year</b>	6	<b>188,060</b>	44,157
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Available-for-sale financial assets			
Fair value changes		<b>(32,571)</b>	(36,444)
Impairment loss		<b>49,927</b>	34,334
Share of other comprehensive income of investments accounted for using equity method			
Fair value changes of available-for-sale financial assets		–	(2,086)
Exchange differences		<b>(296)</b>	(307)
<b>Other comprehensive income for the Year</b>		<b>17,060</b>	(4,503)
<b>Total comprehensive income for the Year</b>		<b>205,120</b>	39,654
<b>Earnings per share</b>			
<b>Basic</b>	7(a)	<b>10.15 cents</b>	2.88 cents
<b>Diluted</b>	7(b)	<b>10.12 cents</b>	2.88 cents
<b>Proposed final dividend per share</b>		<b>4 cents</b>	2.5 cents

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2017**

	<i>Note</i>	<b>2017</b> <b>HK\$'000</b>	2016 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		294	96
Investments accounted for using equity method		644,123	466,453
Available-for-sale financial assets		322,039	192,721
Financial assets at fair value through profit or loss		239,912	8,596
		<u>1,206,368</u>	<u>667,866</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss		35,258	274,934
Accounts and loans receivable	8	3,970	3,905
Interest receivables		2,543	804
Prepayments and other receivables		1,199	39,655
Bank and cash balances		1,786,810	1,670,548
		<u>1,829,780</u>	<u>1,989,846</u>
<b>TOTAL ASSETS</b>		<u><b>3,036,148</b></u>	<u>2,657,712</u>
<b>Capital and reserves</b>			
Share capital		189,740	184,140
Reserves		2,724,760	2,454,203
<b>TOTAL EQUITY</b>		<u><b>2,914,500</b></u>	<u>2,638,343</u>
<b>Current liabilities</b>			
Accounts payable		63,210	–
Other payables		30,550	4,691
Tax payable		27,888	14,678
<b>TOTAL LIABILITIES</b>		<u>121,648</u>	<u>19,369</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>3,036,148</b></u>	<u>2,657,712</u>
<b>NET ASSETS</b>		<u><b>2,914,500</b></u>	<u>2,638,343</u>
<b>Net asset value per share</b>	9	<u><b>HK\$1.54</b></u>	<u>HK\$1.43</u>

## NOTES

### 1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (“Stock Exchange”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments and derivatives which are carried at their fair values.

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

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

In the Year, the Group has adopted all the relevant new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are currently in issue and effective for its accounting year beginning on 1 April 2016. HKFRSs comprise all applicable individual Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKAS”), and interpretations. The following new and revised HKFRSs are relevant to the operations of the Group. The adoption of these new and revised HKFRSs had no material impact on the Group’s results and financial position for the current or prior years, and did not result in any significant changes in the accounting policies of the Group.

The following amendment to standards have been adopted by the Group for the first time for the Year:

- The amendments to HKFRS 11 “Accounting for acquisitions of interests in joint operations” requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a ‘business’ (as defined in HKFRS 3, Business combinations).
- The amendments to HKAS 16 “Property, plant and equipment” clarify the appropriateness of adopting the method of depreciation or amortization based on revenue generated by using the asset.
- The amendments to HKAS 38 “Intangible assets” establishes a rebuttable presumption that amortization of an intangible asset based on revenue generated by using the asset is inappropriate.
- The amendments to HKAS 1 “Presentation of financial statement” clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
- “Annual improvements to HKFRSs 2012-2014 cycle”, includes a number of amendments to various HKFRSs.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

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

*HKFRS 9, 'Financial instruments'*

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The financial assets held by the Group include:

- equity instruments currently classified as AFS for which a FVOCI election is available;
- equity investments currently measured at fair value through profit or loss (FVPL) which would likely continue to be measured on the same basis under HKFRS 9.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules introduces a more principles-based approach and more hedge relationships might be eligible for hedge accounting. It does not have significant impact on the Group as the Group did not actively participate in hedging activities throughout the Year.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortized cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group plans to adopt HKFRS 9 when it becomes effective in 2018 without restating the comparative information.

#### *HKFRS 15, 'Revenue from contracts with customers'*

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following area that is likely to be affected:

- accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognized as an asset under HKFRS 15.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date. The management is currently assessing the effects of applying this new standard on the Group's consolidated financial statements and do not foresee any significant impact if the adoption was made this year.

#### *HKFRS 16, 'Leases'*

HKFRS 16 will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has no non-cancellable operating lease commitments. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16. The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

#### *HKAS 7, 'Statement of cash flow'*

The amendment of HKAS 7 introduces an additional disclosure that will enable users of financial statements to evaluate change in liabilities arising from financing activities.

The new standard is mandatory for financial years commencing on or after 1 January 2017. At this stage, the Group does not intend to adopt the standard before its effective date.

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.

### 3. REVENUE

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Dividend income from unlisted investments	765	4,493
Performance premium from co-investment partner	15,520	15,504
Option premium received	50,404	–
Interest income	34,918	9,495
	<u>101,607</u>	<u>29,492</u>

### 4. SEGMENT INFORMATION

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

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

#### Geographical information:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Revenue</b>		
Hong Kong	10,622	9,653
Mainland China	15,520	15,541
Thailand	50,404	–
Australia	24,296	–
Other countries	765	4,298
	<u>101,607</u>	<u>29,492</u>

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

#### Non-current assets other than financial instruments

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong	139,504	114,878
Mainland China	504,913	351,671

### Information about major investments:

During the Year, performance premium received, debt investment interest received and option premium received from the Group's unlisted investments which individually accounted for 10% or more of the Group's total revenue amounted to approximately HK\$15,520,000, HK\$24,296,000 and HK\$50,404,000 respectively.

During the year ended 31 March 2016, performance premium received and dividend income received from the Group's unlisted investments which individually accounted for 10% or more of the Group's total revenue amounted to approximately HK\$15,504,000 and HK\$4,298,000 respectively.

## 5. TAXATION

### Hong Kong

- (a) Hong Kong Profits Tax has been provided at a rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the Year. Taxation on overseas profit has been calculated on the estimated assessable profit for the Year at the rates of taxation prevailing in that overseas country.

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong Profits Tax	<b>13,210</b>	–
Over-provision of Hong Kong Profits Tax for previous year	–	(20)
	<b><u>13,210</u></b>	<b><u>(20)</u></b>

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

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit before tax	<b><u>201,270</u></b>	<u>44,137</u>
Tax calculated at domestic tax rates applicable to profits in the respective countries	<b>33,209</b>	7,283
Tax effect of income that is not taxable	<b>(45,099)</b>	(26,671)
Tax effect of expenses that are not deductible	<b>24,716</b>	17,664
Tax effect of temporary differences not recognized	<b>(22)</b>	(11)
Tax effect of tax losses not recognized	<b>4,038</b>	2,326
Tax effect of utilization of tax losses not previously recognized	<b>(3,632)</b>	(591)
Over-provision of Hong Kong Profits Tax for previous year	–	(20)
Income tax	<b><u>13,210</u></b>	<b><u>(20)</u></b>



## 6. PROFIT FOR THE YEAR

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Auditor's remuneration		
– Audit	1,287	1,075
– Others	345	325
	1,632	1,400
Depreciation	107	17
Investment management fee	41,158	33,402
Operating lease payments in respect of office premises	6,654	4,416
Consultancy fee expense	28,576	2,978
Staff costs (including directors' emoluments)		
Salaries and other benefits	28,553	21,833
Retirement benefits scheme contributions	389	310
Equity-settled share-based compensation	10,061	8,953
	<u>39,003</u>	<u>31,096</u>

## 7. EARNINGS PER SHARE

### (a) Basic earnings per share

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

	2017	2016
Profit for the Year (HK\$'000)	<u>188,060</u>	<u>44,157</u>
Weighted average number of ordinary shares in issue (in thousand)	<u>1,853,517</u>	<u>1,534,019</u>
Basic earnings per share	<u>10.15 cents</u>	<u>2.88 cents</u>

### (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 all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the Year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	2017	2016
Profit for the Year (HK\$'000)	<u>188,060</u>	<u>44,157</u>
Weighted average number of ordinary shares in issue (in thousand)	<u>1,853,517</u>	<u>1,534,019</u>
Adjustments for share options (in thousand)	<u>4,092</u>	<u>–</u>
	<u>1,857,609</u>	<u>1,534,019</u>
Diluted earnings per share	<u>10.12 cents</u>	<u>2.88 cents</u>

## 8. ACCOUNTS AND LOANS RECEIVABLE

	<i>Note</i>	<b>2017</b> <b>HK\$'000</b>	2016 <i>HK\$'000</i>
Accounts receivable	<i>(a)</i>	<b>3,886</b>	3,877
Amounts due from associates	<i>(b)</i>	<b>84</b>	28
		<b>3,970</b>	3,905
<i>Analyzed as:</i>			
Current assets		<b>3,970</b>	3,905

- (a) At 31 March 2017, 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:

	<b>2017</b> <b>HK\$'000</b>	2016 <i>HK\$'000</i>
Unbilled	<b>3,886</b>	3,877

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

At 31 March 2017 and 2016, the accounts receivable were neither past due nor impaired.

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

## 9. NET ASSET VALUE PER SHARE

The net asset value per share is calculated by dividing the net asset value of the Group at 31 March 2017 of approximately HK\$2,914,500,000 (2016: HK\$2,638,343,000) by the number of ordinary shares in issue at that date, being 1,897,396,000 (2016: 1,841,396,000).

# MANAGEMENT DISCUSSION AND ANALYSIS

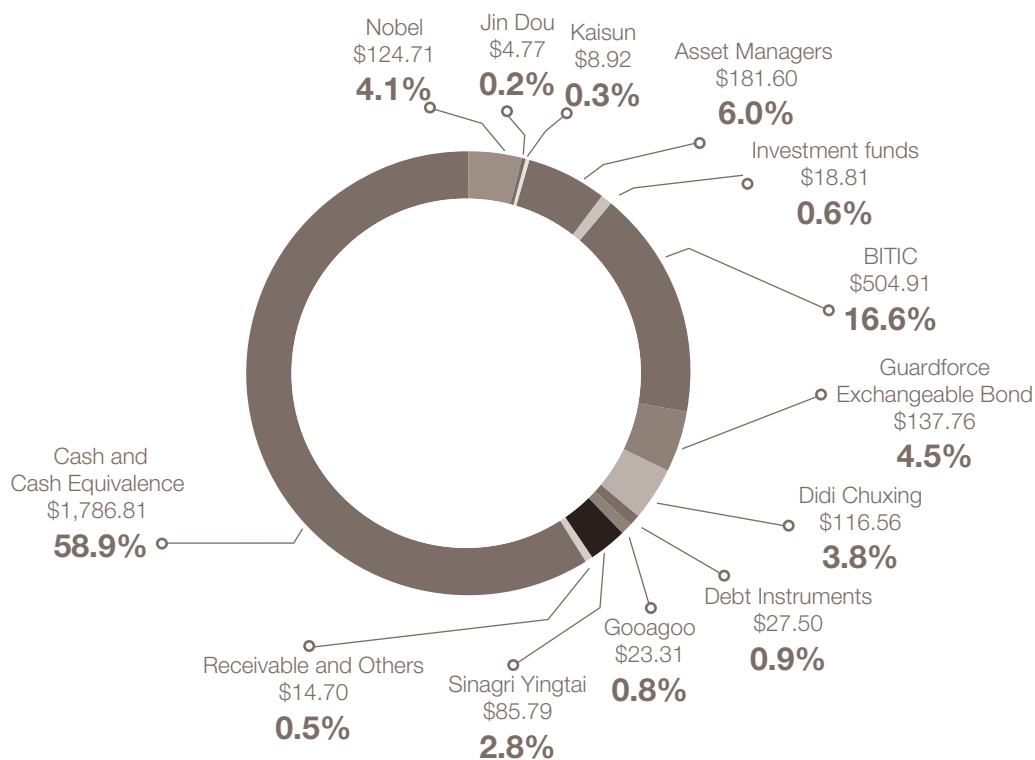
## INVESTMENT REVIEW

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 has built an investment portfolio of companies and funds that is diversified across geographies and industries. 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 other debt instruments to generate diversified returns.

During the Year, the portfolio has delivered strong growth. The total comprehensive income amounted to HK\$205.12 million, which are primarily due to performance premium, interest income, option premiums, appreciation of positions in associates and divestment of Phoenix Healthcare Group Co., Ltd, offsetting impairment losses.

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



## Beijing International Trust Corporation 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) in January 2016. 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. The investment in BITIC gives OP Financial access to one of the dominant participants in China’s trust industry.

BITIC is a Chinese large-scale non-banking financial institution, which engages in trusts, investment fund, financial services, brokerage and advisory businesses. As of 31 December 2016, BITIC reported net assets of RMB7.7 billion, trusts’ total asset of RMB258.6 billion, revenue of RMB1.849 billion and net income of RMB993 million. The net profit margin was improved to 53.7% in 2016 from 52.8% in 2015.

### Xiaoju Kuaizhi Inc.



OP Financial subscribed series A-18 preferred shares issued by Xiaoju Kuaizhi Inc (“Xiaoju Kuaizhi”) in May 2016. Total subscription from OP Financial was US\$15 million (equivalent to approximately HK\$116.45 million).

Xiaoju Kuaizhi is the parent company of Didi Chuxing, the Chinese ride-hailing service provider with over 400 million users in more than 400 cities in China since its establishment in 2012. On 1 August 2016, Didi Chuxing announced a merger with Uber China, cementing its dominance in China’s market. Aside from its takeover of Uber’s China business, Didi Chuxing also invested in Ola, Grab, Lyft, and Uber’s global unit, all of which are major ride-hailing companies around the world. The investment in Didi Chuxing allows OP Financial to benefit from the attractive opportunities in the sharing economy.

In August 2016, Didi Chuxing completed financing for its merger with Uber China, turning its US\$27 billion valuation into a valuation of around US\$33.7 billion.

Subsequently in April 2017, Didi Chuxing completed a new financing round of over US\$5 billion to support its global strategy and continued investments in artificial intelligence. This latest financing showed a 33% increase in the subscription price per preference share.

## Guardforce Holdings (HK) Ltd and Guardforce Investment Holdings PTY 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) and Guardforce Holdings (HK) Ltd, a related company under the same controlling shareholder (together “Guardforce”). Guardforce has established security and protection domestic sector concentrating on smart city solutions and overseas sector engaging in the provision of security system integration and operation services. Through cross-border and overseas acquisitions, Guardforce has expanded its businesses to Hong Kong, Macao, Thailand, Australia and New Zealand.

To help its expansion in Thailand, OP Financial subscribed a US\$15 million (equivalent to approximately HK\$116.37 million) exchangeable bond issued by Guardforce Holdings (HK) Ltd, one of Asia’s most proven and trusted security solutions providers. The bond is exchangeable into 75% ordinary shares of Guardforce Holdings Ltd, which indirectly holds 97.5% common shares of Guardforce Cash Solutions (Thailand) Ltd (“Guardforce Thailand”), an independent cash solutions provider which engages in cash management and ATM management services. OP Financial also has written a series of related call options in connection with exchangeable bond subscription. The exchangeable bond investment together with the call option premiums received allows OP Financial to yield a satisfactory annual compound rate of return, while also enjoying a potential upside of appreciation in asset value of Guardforce Thailand.

In addition, OP Financial also subscribed approximately US\$64.18 million (equivalent to approximately HK\$497.72 million) 6.5% interest-bearing promissory notes issued by Guardforce Investment Holdings PTY Ltd, a subsidiary of China S&F. In March 2017, the promissory notes was fully redeemed by Guardforce Investment Holdings PTY Ltd.

### Sinagri Yingtai AMP Limited



In March 2017, OP Financial invested RMB20 million (equivalent to approximately HK\$22.58 million) for 14.55% capital in Sinagri Yingtai AMP Limited (“Sinagri Yingtai”). OP Financial also committed further capital of RMB56 million (equivalent to approximately HK\$63.21 million) in Sinagri Yingtai to cater for its expansion needs.

Sinagri Yingtai is a Chinese high-tech biotechnology company focusing on research, development, production and distribution of antimicrobial peptides (AMPs). It is the only company setting a standardized production procedure of 99.6% pure AMPs in the Chinese market and owns 14 key patents of biological fermentation technology. AMPs’ market size in China is expected to reach RMB19.6 billion to RMB24 billion given that they are the best substitute of antibiotics on animal feeds. The investment in Sinagri Yingtai is one of medium to short-term investment projects, which allows OP Financial to join forces with a leading enterprise in the industry.

## Gooagoo Group Holdings Ltd



**GOOAGOO** 购阿购

OP Financial invested US\$3 million (equivalent to approximately HK\$23.27 million) for 47.3% limited partnership interest in Tsingdata Holdings L.P. (“Tsingdata”), a limited partnership with the sole purpose of investing into series B financing of Gooagoo Group Holdings Ltd (“Gooagoo”) in August 2016.

Gooagoo is a Chinese 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 and color bill system. During the Year, Gooagoo entered into partnership agreements with around 40 real estate groups to provide data fetching plug-in software in cash registers of shopping centers. It also entered into the agreement with Aisino Corporation (“Aisino”), a listed company on Shanghai Stock Exchange (Stock Code: 600271) specializing in information security and electronic invoice services, to provide underlying data analysis in return for the economics of Aisino’s electronic invoice services business. The investment in Gooagoo fits well with OP Financial’s portfolio strategy in technology and “Internet Plus” business sectors.

## Nobel Holdings Investments Ltd



In 2008, OP Financial invested alongside China Investment Corporation (“CIC”) in Nobel Holdings Investments Ltd (“Nobel”). OP Financial contributed US\$30 million (equivalent to approximately HK\$232.65 million) for 10% ordinary shares of Thrive World Ltd, which holds 50% equity interests in Nobel.

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 dated 1 March 2017, the proved oil reserve and probable oil reserves of Nobel’s oil fields were approximately 138.81 million barrels and 188.06 million barrels respectively. The oil price exerts significant pressure on oil production companies in the first six month of the Year, which was reflected in a fair value drop from HK\$131.29 million to HK\$104.63 million in OP Financial’s interim result. The pressure was reduced during the second half of the Year with an improved market expectation on oil price. Combined with the increase in oil reserve, these two factors mainly drove the fair value of the investment in Nobel to HK\$124.71 million.

## Phoenix Healthcare Group Co. Ltd



OP Financial invested HK\$199.08 million or 3.4% interest in Phoenix Healthcare Group Co. Ltd (“Phoenix Healthcare”, renamed as China Resources Phoenix Healthcare Holdings Company Limited, 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. During the Year, OP Financial fully divested its investment in Phoenix Healthcare and recognized HK\$125.74 million gain from this investment.

### **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 commercialize 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 (equivalent to approximately HK\$11.65 million) has been made to OP Financial up to date. While the position fell from HK\$5.56 million to HK\$4.77 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 Year, OP Financial has investments in three asset management companies, of which the major positions are CSOP Asset Management Ltd and OPIM Holdings Limited.



OP Financial established an asset management company in Hong Kong named CSOP Asset Management Limited (“CSOP”) jointly with China Southern Asset Management Co. Ltd (“China Southern”) in 2008. China Southern is one of China’s most premier asset management companies with total AUM of RMB645.2 billion, ranking among top 5 Chinese asset management companies.

CSOP is the largest RQFII manager in the market. To date, it holds a total of RMB46.10 billion Renminbi Qualified Foreign Institutional Investor (RQFII) quota. Its ETFs account for approximately 67% of all RQFII ETFs in terms of AUM. Its turnover and trading volume dominate the market, accounting for approximately 74% total turnover in the RQFII ETF market. A variety of innovative products, including CSOP WTI Oil Annual Roll December Futures ER ETF, a futures-based ETF, and CSOP HSI & HSCEI Leveraged & Inverse ETFs were launched during the Year.

Currently OP Financial owns 24% of issued capital of CSOP. The carrying value of the Group’s CSOP position was HK\$132.19 million at 31 March 2017, an increase of 26.28% as compared to the fair value at 31 March 2016. OP Financial will hold this position as one of the core investments in its financial services platform.

#### *OPIM Holdings Limited (“OPIM”)*

OP Financial invested in 30% issued ordinary share capital in OPIM and, through a subsidiary, held 100% non-voting preference shares of OP Investment Management Limited and OP Investment Management (Cayman) Limited. During the Year, OP Financial subscribed further HK\$19 million in the non-voting preference shares class B in OP Investment Management Limited.

OPIM is an asset management platform which serves Asian-based managers to develop funds across diversified strategies for institutional and professional investors. It has built an ecosystem linking up fund managers, service providers and capital allocators. The ecosystem enables the fund managers to work with the industry’s best service partners and launch funds in fast and affordable structures. In September 2016, OPIM won the HFM Best Regulatory Service Platform of Asia, which demonstrates that its positioning is highly recognized in the market.

In the last three years, global hedge fund industry grew 14.8% to US\$3.02 trillion, while Asia hedge fund industry grew by 50% over the same period. Hong Kong is a popular hedge fund location within Asia itself. With a fast moving industry landscape, OPIM has partnered with more than 15 hedge funds to launch new fund products in 2016. Given the asset management platform is still in its developing stage, the current position of OP Financial in OPIM was adjusted slightly to HK\$43.16 million.



## FINANCIAL REVIEW

### Financial position

*Net asset value:* The Group's net assets as at 31 March 2017 increased by 10.47% from HK\$2.64 billion to HK\$2.91 billion during the Year. The NAV per share increased from HK\$1.43 to HK\$1.54.

*Gearing:* The gearing ratio, which is calculated on the basis of total liabilities over total equity as at 31 March 2017, was 0.04 (31 March 2016: 0.01). We managed to maintain our low leverage policy for our investments.

*Investments accounted for using equity method:* It represents mainly our share of net assets of asset management companies and interest in Treasure Up, which holds the equity interest in BITIC. Assets increased by 38.09% to HK\$644.12 million as at 31 March 2017 (31 March 2016: HK\$466.45 million) reflecting the appreciation in asset value of our position in Treasure Up and CSOP.

*Available-for-sale financial assets:* A 67.10% increase from HK\$192.72 million to HK\$322.04 million was mainly the result of new investments in Xiaoju Kuaizhi, Gooagoo and HK\$19 million new capital increase in our position with OPIM.

*Financial assets at fair value through profit or loss:* A decrease from HK\$283.53 million to HK\$275.17 million was mainly the net result of (i) divestment in listed shares of Phoenix Healthcare, (ii) new equity investment in Sinagri Yingtai, and (iii) new investments in Guardforce exchangeable bond and other debt instruments.

*Bank and cash balances:* During the Year, bank and cash balances increased from HK\$1.67 billion to HK\$1.79 billion, mainly attributable to (i) operating cash inflow including divestment in Phoenix Healthcare listed shares and returns from Guardforce commercial notes; (ii) placing of 56 million shares at HK\$1.95; and offsetting the fund utilized in new investments, such as Sinagri Yingtai, Xiaoju Kuaizhi and Guardforce exchangeable bond during the Year.

## RESULTS

The Group's portfolio delivered strong growth during the Year. The total comprehensive income amounted to a gain of HK\$205.12 million compared to HK\$39.65 million last year. These are primarily due to appreciation of positions in Treasure Up and CSOP, performance premiums from Jin Dou, interest income generating from the Group's debt instruments, call option premium and divestment of Phoenix Healthcare, offsetting impairment losses.

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

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

	<b>2017</b> <b>HK\$'000</b>	2016 <b>HK\$'000</b>
Dividend income from unlisted investments <sup>(1)</sup>	<b>765</b>	4,493
Performance premium from co-investment partner <sup>(2)</sup>	<b>15,520</b>	15,504
Option premium received <sup>(3)</sup>	<b>50,404</b>	–
Interest income <sup>(4)</sup>	<b>34,918</b>	9,495
	<b><u>101,607</u></b>	<b><u>29,492</u></b>

- (1) Dividends received from Real Estate Opportunity Capital Fund during the Year.
- (2) CIC, co-investment partner in both Jin Dou agriculture partnership and Nobel, awarded OP Financial performance premiums totaling HK\$15.52 million (31 March 2016: HK\$15.50 million) to the Group in return for our resources allocated to the agricultural partnership – Jin Dou.
- (3) Premium from call options in connection with the investment in Guardforce's exchangeable bond.
- (4) Interest income of HK\$34.92 million generates from the Group's debt instruments and term deposit in banks.

*Net change in unrealized loss/gain on financial assets at fair value through profit or loss:* The net change in unrealized loss of HK\$37.18 million (2016: gain of HK\$17.38 million) mainly represents the net result of (i) the net unrealized gain of HK\$60.41 million on listed shares; (ii) the unrealized gain of HK\$21.39 million on exchangeable bond; (iii) the net unrealized loss of HK\$12.13 million on investment funds; and (iv) the transfer out of net unrealized gain of HK\$107.24 million on Phoenix Healthcare.

*Net realized gain on disposal of investments:* It represents realized gain on divestment of Phoenix Healthcare.

*Impairment loss on available-for-sale financial assets:* The HK\$49.93 million loss represents the impairments on Nobel, Dance Biopharm Holdings Inc. ("Dance"), OP Vision L.P. ("OP Vision"), and one of our listed securities, Kaisun Energy Group Limited ("Kaisun", Stock Code: 8203).

*Equity-settled share-based payments:* This represents the value of share options vested during the Year. 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:* An increase of HK\$45.01 million from HK\$71.31 million in last year to HK\$116.32 million this Year is mainly attributable to the increase in volume of investment activities, which triggered higher investment management fee, consultancy fee and staff related costs.

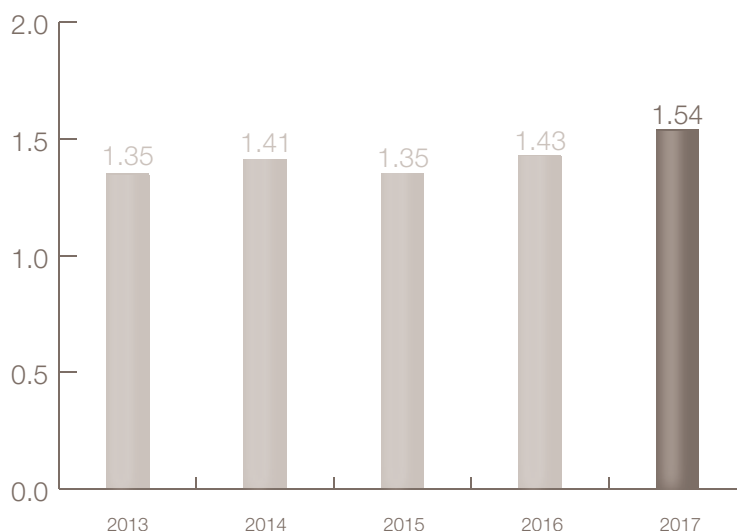
*Share of results of investment accounted for using equity method:* a net amount of approximately HK\$187.29 million (2016: HK\$23.92 million) accounted for our share of results of our investments including CSOP, Guotai Junan, OPIM and Treasure Up. These companies generate revenue based on management and performance fees from assets under management. The significant increase is mainly attributable to the share of asset appreciation of BITIC by HK\$159.57 million.

*Other comprehensive income:* Changes to the Group's NAV, otherwise not accounted for in "profit for the Year", are found in "other comprehensive income". The gain of HK\$17.06 million (2016: loss of HK\$4.50 million) is mainly net of : (i) a transfer of impairment losses on available-for-sale financial assets of HK\$49.93 million to profit or loss, and (ii) decrease in fair value of available-for-sale investments by HK\$32.57 million. Combining with the "profit for the Year", the total comprehensive income for the Year was a gain of HK\$205.12 million.

**Fair value changes recognized in Other Comprehensive Income:**

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
OPIM	<b>460</b>	4,112
Didi Chuxing	<b>116</b>	–
Gooagoo	<b>40</b>	–
Jin Dou	<b>(794)</b>	(736)
Kaisun	<b>(1,916)</b>	(3,567)
OP Vision	<b>(2,628)</b>	(1,175)
Nobel	<b>(6,581)</b>	(30,767)
Dance	<b>(21,268)</b>	(4,311)
	<b><u>(32,571)</u></b>	<u>(36,444)</u>
Fair value decrease	<b><u>(32,571)</u></b>	<u>(36,444)</u>

**NAV Per Share in HK\$**



## **DIVIDEND POLICY AND PROPOSED FINAL DIVIDEND**

No interim dividend was paid during the Year (2016: nil).

As part of a long term commitment to providing shareholder value, the Board intends to recommend dividend distribution upon successful exit of any material profitable investment position.

The Board recommend the payment of a final dividend of HK 4 cents (2016: HK 2.5 cents) per share in respect of the Year to shareholders whose names appear on the Register of Members of the Company at the close of business on 31 August 2017. The proposed final dividend will be paid on 7 September 2017 following approval at the forthcoming annual general meeting of the Company.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to the proposed final dividend for the Year (subject to approval by shareholders of the Company at the forthcoming annual general meeting), the register of members of the Company will be closed from 31 August 2017 to 4 September 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 30 August 2017.

## **LIQUIDITY AND FINANCIAL RESOURCES**

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

During the Year, the Group continued to maintain a significant balance of cash and cash equivalents. As at 31 March 2017, the Group had cash and bank balances of HK\$1.79 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 Year under review. The debt-to-equity ratio (interest bearing external borrowings divided by shareholders' equity) stood at zero while the current ratio (current assets divided by current liabilities) was 15 times (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.

## **ISSUE OF UNLISTED WARRANTS**

On 13 January 2017, the Group entered into a consultancy agreement with Magopt Ltd (the “Consultant”). According to the agreement, the Consultant will provide services to the Group to identify the growth potential in traditional industry and capture investment opportunities. In exchange for the services, the Group conditionally agreed to issue to the Consultant on completion a total of 202,553,560 warrants, carrying the right to subscribe for an aggregate of 202,553,560 warrant shares. Each Warrant carries the right to subscribe for one warrant share at the subscription price of HK\$2.20.

The consultancy agreement was approved by the shareholders of the Company in an extraordinary general meeting of the Company held on 30 March 2017. No service has been rendered by the Consultant up to 31 March 2017 and there is no impact on the consolidated statement of profit or loss and other comprehensive income.

## **CAPITAL STRUCTURE**

On 12 January 2017, the Company completed the placing of 56,000,000 ordinary shares at a price of HK\$1.95 per share. The net proceeds from the placing were approximately HK\$107.01 million.

As at 31 March 2017, the Group’s shareholders’ equity and total number of shares in issue for the Company increased to HK\$2.91 billion (2016: HK\$2.64 billion) and 1,897,396,000 (2016: 1,841,396,000) respectively.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF INVESTMENTS**

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

- Investment of HK\$116.37 million exchangeable bond issued by Guardforce Holdings (HK) Ltd
- Investment of HK\$116.45 million in Xiaoju Kuaizhi
- Investment of HK\$85.38 million in Sinagri Yingtai
- Investment of HK\$23.27 million in Googoo
- Investment of HK\$19.00 million in OPIM
- Investment and redemption of HK\$497.72 million promissory notes issued by Guardforce Investment Holdings PTY Ltd
- Disposal of HK\$245.67 million in Phoenix Healthcare listed shares

## **SEGMENT INFORMATION**

Segment information of the Group is set out in note 4 on pages 7 and 8 of this announcement.

## **EMPLOYEES**

During the Year, the Group had 39 (2016: 34) employees, inclusive of all directors of the Group. Total staff costs for the Year amounted to HK\$39.00 million (2016: HK\$31.10 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**

During the Year, the Group has recognized HK\$10,061,000 (2016: HK\$8,953,000) in the profit or loss as share-based compensation expenses regarding the share options granted.

During the year ended 31 March 2016, certain vested share options were lapsed and a total of HK\$11,427,000 has been transferred to retained profits under the Share Option Scheme. No lapsed of vested share options were made in the Year.

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

At 31 March 2017, the Group had exposure to foreign exchange fluctuation from its net investment in Sinagri Yingtai and bank balances (2016: bank balances). These assets were denominated in RMB and the maximum exposure to foreign currency risk was RMB20,055,000, equivalent to HK\$22,637,000 (2016: RMB55,000, equivalent to HK\$66,000).

At 31 March 2017, the Group held certain financial assets which were denominated in USD. The Board is of the opinion that the Group's exposure to USD foreign currency risk is minimal as HKD was pegged to USD by the Hong Kong's Linked Exchange Rate System.

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

As at 31 March 2017, there were no charges on the Group's assets and the Group did not have any significant contingent liabilities.

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

As at 31 March 2017, 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 Year.

## **EVENTS AFTER THE REPORTING PERIOD**

On 26 May 2017, the Company renewed the license agreement with Oriental Patron Management Services Limited for the office premises at monthly rental of HK\$746,535, HK\$756,520 and HK\$767,504 for the years ending 31 March 2018, 2019 and 2020, following the approval of such at the extraordinary general meeting held on 26 May 2017.

## **CORPORATE GOVERNANCE CODE (“CG CODE”) COMPLIANCE**

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

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. 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 extraordinary general meeting which was held on 13 May 2016, while Dr. Liu Zhiwei, the president and an ED and Mr. Wang Xiaojun, the chairman of the remuneration committee and an INED, did not attend the annual general meeting which was held on 31 August 2016. Nevertheless, all Directors attended the extraordinary general meeting of the Company which was held on 30 March 2017.

## **AUDIT COMMITTEE**

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

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

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

## **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 Year.

## **REVIEW OF THE ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR**

The figures in respect of the annual results announcement of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the 2017 Financial Year have been agreed by the Group's auditor, Messrs. PricewaterhouseCoopers, to the amounts set in the Group's audited consolidated financial statements for the 2017 Financial Year. The work performed by Messrs. PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. PricewaterhouseCoopers on the annual results announcement.

## **FORWARD-LOOKING STATEMENTS**

This announcement 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.

## **PUBLICATION OF FINANCIAL INFORMATION**

This results announcement is published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.opfin.com.hk](http://www.opfin.com.hk)). The Group's annual report for the Year will be dispatched to the shareholders of the Company and available on the above websites in due course.

By order of the Board  
**OP Financial Investments Limited**  
**Zhang Gaobo**  
*Executive Director and CEO*

Hong Kong SAR, 26 June 2017

*As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Zhang Zhi Ping, Mr. Zhang Gaobo, Dr. Liu Zhiwei and Mr. Zhang Weidong; one non-executive Director, namely Dr. Wu Zhong and three independent non-executive Directors, namely, Mr. Kwong Che Keung, Gordon, Professor He Jia and Mr. Wang Xiaojun.*