東英 ORIENTAL PATRON

OP Financial Investments Limited

Stock Code: 1140

CROSSING BORDERS

Annual Report 2016/2017

CONTENTS

FORWARD-LOOKING STATEMENTS

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. ZHANG Zhi Ping *(Chairman)*
Mr. ZHANG Gaobo *(Chief executive officer)*
Dr. LIU Zhiwei *(President)*
Mr. ZHANG Weidong (appointed on 10 February 2017)

Non-executive Director

Dr. WU Zhong (appointed on 10 February 2017)

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 (resigned on 29 November 2016)
Mr. ZHOU Tao, David (appointed on 29 November 2016)

COMPANY SECRETARY

Mr. LEUNG Kai Wai (resigned on 29 November 2016)
Mr. ZHOU Tao, David (appointed on 29 November 2016)

INVESTOR RELATIONS OFFICER

Ms. WU Shan

INVESTMENT MANAGER

Oriental Patron Asia Limited

AUDITOR

PricewaterhouseCoopers

PRINCIPAL REGISTRARS

SMP Partners (Cayman) Limited
Royal Bank House, 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

BRANCH REGISTRARS

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL BANKER

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

STOCK CODE

The Stock Exchange of Hong Kong Limited
Code: 1140

WEBSITE

www.opfin.com.hk

• CHAIRMAN'S STATEMENT

Dear **Shareholders**,

The strategic layout of OP Financial Investments Limited (the "Company" or "OP Financial"), and its subsidiaries (the "Group") has yielded promising preliminary results in 2016.

Our investments in strategic financial platforms, including CSOP Asset Management Ltd and OPIM Holdings Limited, continues to grow. CSOP keeps dominating the ETF market with asset under management and advisory up to US$4.4 billion. It launched a variety of innovative products including a crude oil futures-based ETF and leveraged & Inverse ETFs during the Year, which not only provides global investors instruments to invest in China, but also offers new choices to Chinese investors for global asset allocation. In addition, the asset management solution innovated by OPIM is highly recognized by both Chinese asset management companies and emerging managers. In September 2016, OPIM was awarded the Best Regulatory Service Platform of Asia by HFM. Meanwhile, our investment in medium to-short term projects has also made satisfactory progress.

The Group has achieved significant improvement on its financial performance. For the twelve months ended 31 March 2017 (the "Year"), the Group generated a total comprehensive income of HK$205.12 million and its consolidated net assets value were HK$2.91 billion. The Company Board of Directors recommended the payment of a final dividend of HK 4 cents per share.

We see extensive business opportunities embedded in crossborder and crossover investments.

On one hand, valuation of overseas assets is lower than domestic assets, and the circumstance will remain for a long period of time. Since technologies and brands abroad provide Chinese enterprises with complementary, these enterprises have their internal motivation of overseas mergers and acquisitions. However, a large number of Chinese enterprises have to turn to Hong Kong for financing as China has strengthened capital control. It creates an excellent opportunity for OP Financial's crossborder investments.

Aiming for opportunities and future partnership, OP Financial, China Everbright Securities International Limited ("EBS International") and The Finance Center for South-South Cooperation ("FCSSC") jointly established the OBOR Fund to explore M&A opportunities in line with United Nation's Sustainable Development Goals and the Belt and Road Initiative for Chinese enterprises.

On the other hand, almost all of China's traditional industries have faced overcapacity difficulties after years of excessive investments. Severe homogeneous competition also makes these enterprises experience operational challenges. Nevertheless, neither the society nor the economy develops without products and services from traditional industries. Surely a champion will rise from enterprises which deeply understand the industry and process crossover capabilities to make good use of the Internet or other emerging technologies.

In order to capture crossover opportunities, OP Financial teamed up with Hangzhou Magsun Investment Co., Ltd. ("Magsun") in February 2017, aiming to create internet-based corporate behemoths in the Chinese market. OP Financial offers deal structuring and financing arrangements, while Magsun provides internet technologies. The alliance will help excellent companies in the traditional industries fly high after they are equipped with two wings – finance and Internet technologies and create great returns for investors.

Looking forward, emerging opportunities come from crossborder and crossover investments. OP Financial will focus on two categories: one is strategic investment such as platforms to obtain long-term capital appreciation and create synergies and additional investment opportunities; the other is medium to short-term investment by leveraging on our capabilities of strong capital base and tailor-made integrated investment solutions.

The driving force behind OP Financial's excellent performance is the support of its investors, the contribution of its board members, and the diligence of its senior management and professional investment team. I wish to express my sincerest gratitude and respect to all of them. We will continue our efforts to make the Group a leading cross-border investment platform in Asia. We will create greatest value for our shareholders!

Zhang Zhi Ping
Chairman
26 June 2017

• MANAGEMENT DISCUSSION AND ANALYSIS

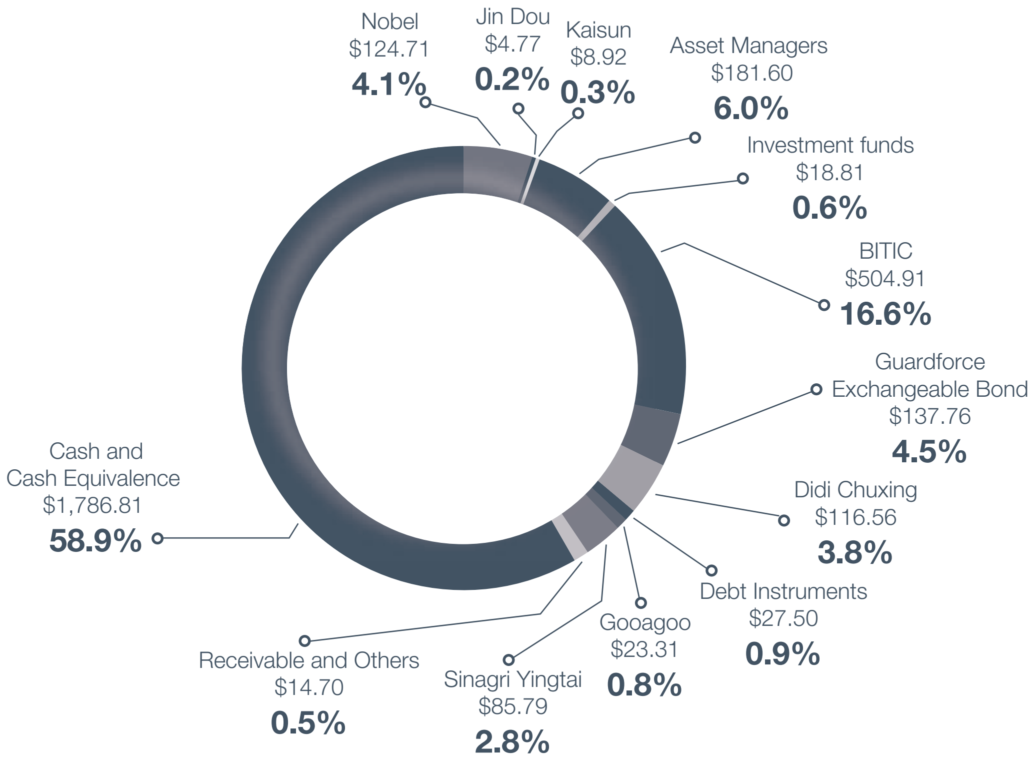
INVESTMENT REVIEW

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

OP Financial invested in 25% of equity interest in Treasure Up Ventures Limited ("Treasure Up") in January 2016, which participates in a minority interest in Beijing International Trust Co, Ltd ("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.

MANAGEMENT DISCUSSION AND ANALYSIS

Xiaoju Kuaizhi Inc.

OP Financial subscribed 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 the acquisition of Uber China, cementing its dominance in China's market. Aside from the acquisition of Uber China, Didi Chuxing also invested in Ola, Grab, Lyft, 99 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.

After the acquisition of Uber China, in April 2017, Didi Chuxing completed a new financing round of over US$5.5 billion to support its global strategy and continued investments in AI-based technologies.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Sinagri Yingtai AMP Limited

In March 2017, OP Financial invested RMB20 million (equivalent to approximately HK$22.47 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$62.91 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

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.

• MANAGEMENT DISCUSSION AND ANALYSIS

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.

CSOP Asset Management Ltd

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.

The full lists of the Group’s investments are set out in the notes to the audited consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

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. 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 and Gooagoo, 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$ 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:

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

(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.

MANAGEMENT DISCUSSION AND ANALYSIS

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. The first 3 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.

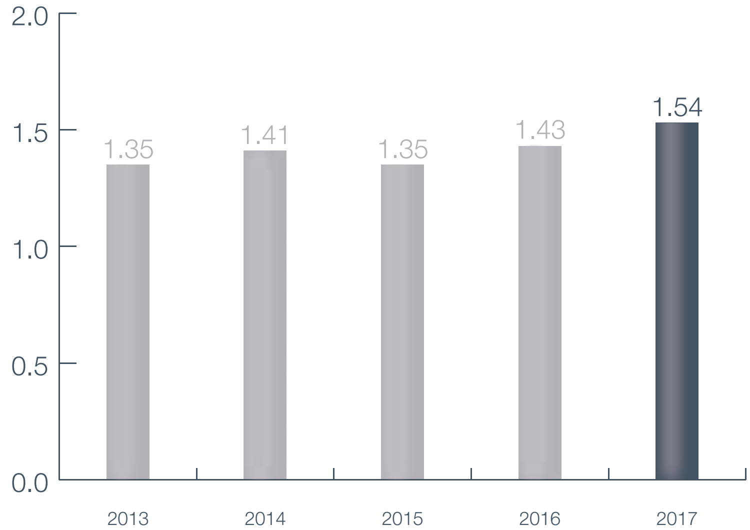
Other comprehensive income: Changes to the Group's NAV, otherwise not accounted for in "profit for the Year", are found in "other comprehensive income". The gain of HK$17.06 million (2016: loss of HK$4.50 million) is mainly net of: (i) a transfer of impairment losses on available-for-sale financial assets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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Issue of unlisted warrants of the Group is set out in note 24 on page 105 of this report.

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 Gooagoo
- 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 8 on page 77 of this report.

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

The detailed disclosures relating to the Group's share option scheme and valuation of options are set out in note 22 to the consolidated financial statements.

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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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

DIRECTOR

Executive Directors

Mr. ZHANG Zhi Ping, aged 61, was appointed as an executive Director and chairman of the Company in February 2003. He has also been appointed as the chairman of the nomination committee and serving as a member of the corporate governance committee of the Company since January 2012. Mr. Zhang is the chairman of Oriental Patron Financial Group and is responsible for formulating the investment strategies, monitoring the investment performance and approving investment decisions. Mr. Zhang obtained a bachelor degree in Arts from Heilongjiang University in 1982 and later graduated from Graduate School of the People's Bank of China ("PBOC") and obtained a master's degree in Economics. Mr. Zhang has over 30 years of experience in the PRC and international financial markets and held senior positions in a number of institutions, including the deputy division chief in Financial Administration Department of the PBOC, the chairman and general manager of Hainan Provincial Securities Company, the inaugural director of the Securities Society of China, the inaugural director of Department of Intermediary Supervision of China Securities Regulatory Commission ("CSRC"), a member of the listing committee of the Shanghai Stock Exchange and the chairman of the investment committee of Hainan Fudao Investment Management Company. Mr. Zhang has been a member of the Council of The PBC School of Finance of Tsinghua University since 2012. Mr. Zhang has taken up the role to serve as an Executive President of the Finance Center for South-South Cooperation Limited (formerly known as South-South Asia-Pacific Finance Center), a non-profit international organization in Special Consultative Status with ECOSOC of the United Nations, established for the promotion of South South Cooperation since April 2014.

Mr. ZHANG Gaobo, aged 52, was appointed as an executive Director and chief executive officer of the Company in February 2003, and has been serving as a member of the nomination committee and corporate governance committee since January 2012. Mr. Zhang is responsible for formulating the investment strategies, monitoring the investment performance and approving investment decisions. Mr. Zhang founded Oriental Patron Financial Group with founding partners in 1993 and held the position as chief executive since then. He obtained a bachelor's degree in Science from Henan University in 1985 and later graduated from the Peking University with a master's degree in Economics in 1988. From 1988 to 1991, Mr. Zhang worked in Hainan Provincial Government and PBOC Hainan Branch and as the chairman of Hainan Stock Exchange Centre. Mr. Zhang is also an independent non-executive director of Beijing Enterprises Water Group Limited, a company listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and was a non-executive director of Vimetco N.V., a company listed on the London Stock Exchange from June 2007 to June 2017. Mr. Zhang has taken up the role to serve as the Vice-President of Finance Center for South-South Cooperation Limited (formerly known as South-South Asia-Pacific Finance Center), a non-profit international organization in Special Consultative Status with ECOSOC of the United Nations, established for the promotion of South South Cooperation since April 2014.

Dr. LIU Zhiwei, aged 50, was appointed as a non-executive Director of the Company in December 2015 and was re-designated to an executive Director in June 2016. Further, he has assumed an additional role as the president and also serving as a member of the corporate governance committee of the Company since June 2016. Dr. LIU is responsible for building and expanding the Company's investor relations and public relations platform to support the Group's domestic and international strategies. He is the chairman of Shanghai Chunda Asset Management Co., Ltd. Dr. Liu served as the vice-chairman of Xi'an International Trust Co., Ltd from 2008 to 2011. He also served as a general manager of the merger and acquisition department of Guosen Securities Co., Ltd from 1997 to 1998. Dr. Liu obtained a bachelor's degree in Industrial Management Engineering from Zhe Jiang University in 1989. He furthered his studies in the PBOC between 1989 and 1992 and obtained a master's degree in international finance. In 2007, Dr. Liu obtained a doctoral degree in Economics & Law from Hunan University. He completed a professional program in Finance CEO from Cheung Kong Graduate School of Business in 2010.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. ZHANG Weidong, aged 52, was appointed as an executive Director of the Company in February 2017. Mr. Zhang has joined the Company as the deputy chief executive officer of the Company since January 2008. He is currently one of the members of the investment committee of the Company. Mr. Zhang has over 12 years' experience in the operation and management of commercial banking, during which he worked in the international business department of Industrial and Commercial Bank of China Limited ("ICBC") with final position level as departmental deputy general manager of the Head Office, including 3 years in ICBC Almaty Branch, where he was in charge of treasury, credit lending and office operations. Moreover, Mr. Zhang has 17 years' experience of investment banking and investment industries in Hong Kong, served as executive director of ICEA Finance Group (the investment banking arm of ICBC) and managing director of Alpha Alliance Finance Holdings, responsible for corporate finance and sales department respectively. He has been appointed as an independent non-executive director of each of ZZ Capital International Limited (stock code: 8295) whose shares are listed on the growth enterprise market board of the Stock Exchange and Tianjin Port Development Holdings Limited (stock code: 3382) whose shares are listed on the Main Board of the Stock Exchange. Mr. Zhang holds a master degree in Economics from Renmin University, a diploma of Program for Management Development of Harvard Business School and held a fellowship from Columbia University in New York.

Non-executive Director

Dr. WU Zhong, aged 53, was appointed as a non-executive Director of the Company in February 2017. Dr. Wu has been the Vice-President and Director-General of Finance Center for South-South Cooperation Limited ("FCSSCL", a connected person of the Company under Chapter 14A of the Listing Rules) since June 2015. Prior to joining FCSSCL, Dr. Wu held various positions in the PRC. He was the Mayor of Qianjiang, Chongqing Municipality from December 2010 to May 2015; the Director of International Poverty Reduction Center in China from July 2008 to November 2010; the Director-General of the Department of International Cooperation and Social Mobilization of the State Council Leading Group Office of Poverty Alleviation and Development ("LGOP") from May 2002 to July 2008; the Chief of the Planning Division of LGOP from May 2000 to May 2002 (during the period he was transferred to be the Assistant Commissioner of the Administrative Office of Tongren Prefecture in Guizhou Province from February 2001 to January 2002); the Director of Purchasing Division of Foreign Capital Project Management Center of LGOP from May 1996 to May 2000 (during the period he was also appointed as the Chairman and the General Manager of Huada Industrial Company in Fangchenggang City, Guangxi Zhuang Autonomous Region, being responsible for implementation of World Bank hard-loans to poverty alleviation projects about aquaculture, labor export and low-cost housing, etc. from 1996 to 1998); and the Deputy Director of the Institute of Population Research of Peking University from March 1993 to May 1996. Dr. Wu obtained a bachelor of Economics degree and a master of Economics degree from Peking University in 1985 and 1988 respectively, a Master of Science in Medical Statistics from the London School of Hygiene & Tropical Medicine, the University of London in 1993. Dr. Wu also obtained a PhD in demography from the School of Economics, Peking University in 1999.

Independent Non-executive Directors

Mr. KWONG Che Keung, Gordon, aged 67, has been an independent non-executive Director and the chairman of the audit committee of the Company since February 2003. Mr. Kwong has also been serving as a member of the remuneration committee of the Company since April 2005, a member of the nomination committee and corporate governance committee of the Company since January 2012. He is also an independent non-executive director of a number of companies listed on the Stock Exchange, namely NWS Holdings Limited, Global Digital Creations Holdings Limited, China Power International Development Limited, Henderson Land Development Company Limited, Henderson Investment Limited, Agile Property Holdings Limited, Chow Tai Fook Jewellery Group Limited and FSE Engineering Holdings Limited. Mr. Kwong resigned as an independent non-executive director of CITIC Telecom International Holdings Limited on 1 June 2017 and retired as an independent non-executive director of China COSCO Holdings Company Limited on 25 May 2017 after serving two terms of three years. From 1984 to 1998, Mr. Kwong was a partner of Pricewaterhouse and was a council member of the Stock Exchange from 1992 to 1997. He has a Bachelor of Social Science degree from the University of Hong Kong and is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Prof. HE Jia, aged 62, has been an independent non-executive Director and serving as a member of the audit committee of the Company since February 2003 and a member of the remuneration committee of the Company since April 2005. Prof. He has also been appointed the chairman of the corporate governance committee and serving as a member of the nomination committee of the Company since January 2012. He is currently a leading professor of Department of Finance at the South University of Science and Technology of China and an independent non-executive director of each of CITIC Securities Company Limited and China Chengtong Development Group Limited, the shares of which are listed on the Main Board of the Stock Exchange. He was a professor of Department of Finance at the Chinese University of Hong Kong and a professor at the Tsinghua University. He was a commissioner of the Strategy and Development Committee of CSRC and a director of research of Shenzhen Stock Exchange from June 2001 to October 2002. He is a an editor of China Financial Economics Review, and is serving as a member of editorial boards of a number of journals, including China Accounting and Finance Review and Research in Banking and Finance. He holds a Doctor of Philosophy degree in Finance from the Wharton School of University of Pennsylvania, the United States.

Mr. WANG Xiaojun, aged 62, has been an independent non-executive Director and a member of the audit committee of the Company since August 2004. Mr. Wang has also been serving as the chairman of the remuneration committee of the Company since April 2005, and a member of the nomination committee and corporate governance committee of the Company since January 2012. Mr. Wang is a partner of Jun He Law Offices and was admitted lawyer and solicitor in the PRC, Hong Kong and England and Wales in 1988, 1995 and 1996 respectively. Mr. Wang has worked as a member of the legal expert group in the Stock Exchange and solicitor in Richards Butler and has worked as an investment banker in Peregrine and ING Barings. He graduated from the People's University of China and the Graduate School of the Chinese Academy of Social Science and holds a bachelor degree in Laws and a master degree in Laws. Mr. Wang is currently an independent non-executive director of Yanzhou Coal Mining Company Limited, a company listed on the Stock Exchange, Shanghai Stock Exchange and New York Stock Exchange, Livzon Pharmaceutical Group Co., Ltd., a company listed on Stock Exchange and Shenzhen Stock Exchange, and China Aerospace International Holdings Limited, a company listed on the Stock Exchange. He was previously an independent non-executive director of Norinco International Cooperation Company Limited until 16 September 2014.

SENIOR MANAGEMENT

Head of Energy & Resources

Mr. YEAP Jonathan Soon Pin, aged 55, was appointed as the Partner and Head of Energy & Resources of the Company in November 2010, has responsibility for the origination and development of the Company's energy and resources businesses. He has over 33 years' experience in energy and natural resources industries. Before joining the Company, Mr. Yeap was the chief executive officer of Kaisun Energy Group Limited, a company listed on the Stock Exchange of Hong Kong Limited from 2008 to 2010. Prior to that, he was from 1997 to 2001 a chief executive officer of the China region and the managing director of the Asia Pacific region of Enron Corporation, a global energy group. Moreover, Mr. Yeap served as a chief executive officer of a subsidiary of a large oil, gas, coal and power company in the United States from 1993 to 1996. He also worked as a project director of a large United States power generating company assigned to the PRC from 1992 to 1993. During this period, Mr. Yeap was a lead developer for a foreign-invested integrated coal mine, power plant, DC transmission line project transporting electricity from Shanxi province, the PRC to Jiangsu province/Shanghai, the PRC. Mr. Yeap held various engineering and financial positions with a Canadian company specializing in development, construction and operation of independent power plants worldwide between 1983 and 1992. He holds a bachelor degree in electrical engineering from the University of Alberta.

• DIRECTORS' REPORT

The directors ("Directors") of OP Financial Investments Limited (the "Company", together with its subsidiaries, collectively referred to as the "Group") are pleased to present their annual report together with the audited consolidated financial statements for the year ended 31 March 2017 (the "Year").

PRINCIPAL ACTIVITIES

The Company is an investment company incorporated with limited liability as an exempted company in the Cayman Islands on 26 July 2002. The principal investment objective is to achieve earnings for the Company in the form of medium to long term capital appreciation through investing in a diversified portfolio of global investments in listed and unlisted enterprises. The activities of its principal subsidiaries are set out in note 30 to the consolidated financial statements.

SEGMENT INFORMATION

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

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 44.

The Directors recommend the payment of a final dividend of HK 4 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 the approval at the forthcoming annual general meeting of the Company.

DONATIONS

Please refer to "Community Involvement" section in Environment, Social and Governance Report on page 34 of this report.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the Year are set out in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity on pages 44 and 46 and note 29 to the consolidated financial statements.

SHARE CAPITAL

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

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 March 2017 amounted to HK$2,493,665,000.

PRE-EMPTIVE RIGHTS

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 114 of this report.

DIRECTORS' REPORT

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

PERMITTED INDEMNITY PROVISION

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

SHARE OPTIONS

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

DIRECTORS

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

Executive Directors

Mr. ZHANG Zhi Ping
Mr. ZHANG Gaobo
Dr. LIU Zhiwei (re-designated from the position of non-executive Director on 28 June 2016)
Mr. ZHANG Weidong (appointed on 10 February 2017)

Non-executive Director

Dr. WU Zhong (appointed on 10 February 2017)
Dr. LIU Zhiwei (re-designated to the position of executive Director on 28 June 2016)

Independent Non-executive Directors

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

Dr. LIU Zhiwei was re-designated from the position of non-executive Director to executive Director with effect from 28 June 2016 and Dr. LIU is entitled to the same annual remuneration of HK$250,000.

Mr. ZHANG Weidong was appointed as an executive Director of the Company with effect from 10 February 2017 and Mr. ZHANG is entitled to an annual remuneration of HK$2,000,000 (excluding discretionary bonus and share options).

Dr. WU Zhong was appointed as a non-executive Director with effect from 10 February 2017 and Dr. WU is entitled to an annual remuneration of HK$2,760,000.

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

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

Biographical details of the Directors as at the date of this annual report are set out on pages 12 to 14.

• DIRECTORS' REPORT

DIRECTORS' SERVICE CONTRACTS

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

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

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the paragraph headed "Connected transactions" in this report and in notes 18 and 27 to the consolidated financial statements, no other contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries or its fellow subsidiaries was a party and in which any Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

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

As at 31 March 2017, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares and underlying shares of the Company:

	Number of ordinary shares/ underlying shares held in the Company				
Name of director	**Capacity in which interests are held**	**Interests in shares**	**Interests under equity derivatives**	**Total interests**	**Total interests as to % to the issued share capital of the Company as at 31 March 2017** (note 1)
Mr. ZHANG Zhi Ping (note 2)	Interest of controlled corporation	359,800,000	–	359,800,000	18.96%
Mr. ZHANG Gaobo (note 2)	Interest of controlled corporation	359,800,000	–	359,800,000	18.96%
Dr. LIU Zhiwei	Beneficial owner	182,330,000	–	182,330,000	9.61%
Mr. ZHANG Weidong (note 3)	Beneficial owner	7,000,000	–	7,000,000	0.37%

• DIRECTORS' REPORT

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

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

Notes:

(1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 1,897,396,000 shares as at 31 March 2017.

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

(3) These Shares are underlying shares comprised in the options granted to Mr. Zhang Weidong pursuant to the share option scheme of the Company adopted on 17 May 2016.

Save as disclosed above, as at 31 March 2017, none of the Directors or chief executive of the Company had any interest or 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.

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

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 March 2017, the Company had been notified of the following substantial shareholders' interests or short positions, being 5% or more of the Company's shares and underlying shares. These interests include those disclosed above in respect of the Directors and chief executive.

Long positions in shares and underlying shares of the Company:

	Number of ordinary shares/ underlying shares held in the Company				
Name of shareholder	**Capacity in which interests are held**	**Interests in shares**	**Interests under equity derivatives**	**Total Interests**	**Total interests as to % to the issued share capital of the Company as at 31 March 2017** (note 1)
OPFGL (note 2)	Interest of controlled corporation	359,800,000	–	359,800,000	18.96%
Magopt Ltd. (note 3)	Beneficial owner	202,553,560	–	202,553,560	10.68%
Bestone Asset Management Co., Ltd (note 4)	Beneficial owner	169,068,000	–	169,068,000	8.91%
21st Century Champion Limited (note 4)	Interest of controlled corporation	169,068,000	–	169,068,000	8.91%
Ms. WANG Juan (note 4)	Interest of controlled corporation	169,068,000	–	169,068,000	8.91%
Ms. YANG Fuyi	Beneficial Owner	163,574,500	–	163,574,500	8.62%

• DIRECTORS' REPORT

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

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

Name of shareholder	Number of ordinary shares/ underlying shares held in the Company: Capacity in which interests are held	Interests in shares	Interests under equity derivatives	Total Interests	Total interests as to % to the issued share capital of the Company as at 31 March 2017 (note 1)
Grand Link Finance Limited (note 5)	Beneficial owner	158,244,000	–	158,244,000	8.34%
Mr. WANG Delian (note 5)	Interest in controlled corporation	158,244,000	–	158,244,000	8.34%
Mr. GENG Shuanghua	Beneficial owner	106,100,000	–	106,100,000	5.59%

Notes:

(1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 1,897,396,000 shares as at 31 March 2017.

(2) This represented an aggregate of 330,000,000 Shares held by OIL and 29,800,000 Shares held by OPFSGL. OIL is a wholly owned subsidiary of OPFGL, while 95% of the issued share capital of OPFSGL is owned by OPFGL. The 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.

(3) This represented 202,553,560 underlying shares comprised in the unlisted warrants granted to Magopt Ltd. pursuant to the consultancy agreement approved at the extraordinary general meeting held on 30 March 2017. Mr. Liu Yu owns 80% of the issued share capital in Magopt Ltd. By virtue of the SFO, Mr. Liu Yu is deemed to be interested in the Shares held by Magopt Ltd.

(4) This represented 169,068,000 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.

Save as disclosed above, as at 31 March 2017, 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

Apart from the share option scheme disclosed on note 22 to the consolidated financial statements on page 100 of this report, at no time during the Year was the Company, any of its subsidiaries or its associated corporations a party to any arrangements to enable the Directors or chief executive of the Company to acquire any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations.

EMOLUMENT POLICY

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

• DIRECTORS' REPORT

SUFFICIENCY OF PUBLIC FLOAT

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

MANAGEMENT CONTRACTS

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

ISSUE OF UNLISTED WARRANTS PURSUANT TO SPECIFIC MANDATE

On 13 January 2017, the Company has entered into a consultancy agreement ("Consultancy Agreement") with Magopt Ltd (the "Consultant") for its assistance on acquiring and capturing investment opportunities in the negotiation for achieving better investment terms and gains. The Company has agreed to conditionally issue and the Consultant has agreed to subscribe for 202,553,560 unlisted warrants at zero issue price, carrying the right to subscribe for an aggregate of 202,553,560 shares of the Company at a subscription price of HK$2.20 per share.

Please refer to note 24 to the consolidated financial statements on page 105 of this report for further details of the Consultancy Agreement and the issue of warrants. The full version of the transaction details are set out in the Company's announcements dated 13 January 2017, 1 March 2017, 13 March 2017 and 30 March 2017, and the Company's circular dated 13 March 2017.

CONNECTED TRANSACTIONS

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

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

(a) Non-exempt continuing connected transactions

Investment Management Agreement

Pursuant to the Investment Management Agreement (the "Investment Management Agreement") dated 3 March 2016, the Company has re-appointed Oriental Patron Asia Limited ("OPAL") as its investment manager to provide investment management services for a fixed term of three years commencing on 13 May 2016 to 31 March 2019. Pursuant to the Investment Management Agreement, the Company will pay OPAL a monthly management fee at 1.5% per annum of the NAV as at the immediately preceding Valuation Date as defined in the Investment Management Agreement on the basis of the actual number of days in arrears in the relevant calendar month over a year of 360 days and a performance fee at 10% of the increase in the NAV per share as at the Performance Fee Valuation Day as defined in the Investment Management Agreement. The aggregated management fee and performance fee payable to OPAL under the Investment Management Agreement is subject to a cap for each of the three years ending 31 March 2019. The cap amount for the year ended 31 March 2017 was HK$71,000,000. During the Year, the aggregated management fees paid/payable by the Company under the Investment Management Agreement to OPAL amounting to HK$41,158,000 (2016: HK$33,402,000).

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

• DIRECTORS' REPORT

CONNECTED TRANSACTIONS (continued)

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

License agreement

For the Year, the monthly license fee paid by OP Investment Service Limited ("OPISL"), a wholly-owned subsidiary of the Company, to Oriental Patron Management Services Limited ("OPMSL") under the relevant licence agreement ("Licence Agreement") in respect of a portion of the premises (the "Premise") leased by OPMSL during the relevant periods as tenant from an independent third party, was HK$458,458 for the period from 1 April 2016 to 30 November 2016. It was renewed at HK$746,535 for the period from 1 December 2016 to 31 March 2017. The premise is used by the Group as its principal place of business in Hong Kong. The total amount of licence fees paid to OPMSL during the Year amounted to HK$6,653,804 (2016: HK$4,360,356).

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

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

(c) Connected transaction exempted from independent shareholders' approval requirements

Placing Agreement

Pursuant to the placing agreement (the "Placing Agreement") signed between the Company and Oriental Patron Securities Limited ("OPSL") dated 12 December 2016, the Company appointed OPSL as its placing agent to procure subscribers for the placement of the Company's ordinary shares (the "Placed Shares") on a best effort basis. Pursuant to the Placing Agreement, the Company will pay OPSL a commission of 2% of the aggregate placing price of the Placed Shares. The terms of the Placing Agreement were disclosed in the Company's announcements on 12 December 2016, 29 December 2016 and 5 January 2017.

On 12 January 2017, the Company completed its placement of 56,000,000 Placed Shares at HK$1.95 per share. The commission paid to OPSL amounting to HK$2,184,000.

OPSL is an indirect non-wholly-owned subsidiary of OPFGL and OPFGL is a Substantial Shareholder of the Company and was indirectly interested in 359,800,000 Shares of the Company (representing approximately 18.96% of the issued share capital of the Company). OPSL is an associate of OPFGL and is, therefore, a connected person of the Company under Chapter 14A of the Listing Rules. The transaction between the Company and OPSL under the Placing Agreement, i.e. the engagement of OPSL as placing agent constituted connected transaction subject to the reporting, announcement and the annual review requirements, but is exempted from the independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Subscription of a promissory note

On 22 June 2016, the Company subscribed for a HK$9,500,000 promissory note, issued by Finance Center for South-South Cooperation Limited ("FCSSCL"). The note carries interest at 5% per annum, payable in HK$ annually on each 22 June in arrears. It matures on the third anniversary of the date of issue, i.e. 22 June 2019. As at 31 March 2017, interest income of HK$356,000 was recognized in the profit or loss.

The subscription is effected to promote cooperation between the Group and FCSSCL so as to allow the Group to benefit from the experience and connection of FCSSCL, and to explore investment opportunities in the nations of the global South, in particular, Indonesia, Thailand, Vietnam and India.

FCSSCL is owned as to 50% by Mr. ZHANG Zhi Ping, the director of the Group, which therefore is regarded as a connected person of the Company and is subject to the reporting, announcement and the annual review requirements, but is exempt from the independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

• DIRECTORS' REPORT

CONNECTED TRANSACTIONS (continued)

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

Custodian agreement

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

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

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

Advisory service mandate

On 3 March 2016, the Company and OPAL entered into a mandate ("Mandate") of which OPAL acted as a compliance advisor of the Company regarding the advisory services provided to the Company for adopting the share option scheme of the Company and preparing documents for the New Investment Management Agreement for a service fee of HK$350,000. HK$100,000 was recognized in the Year and HK$250,000 was recognized in the year ended 31 March 2016.

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

Securities brokerage commission

During the Year, the Company placed orders for buying shares in listed companies through its securities trading account maintained with OPSL and a brokerage commission of 0.25% was charged by OPSL for each transaction ("Transaction") proceeds. The total brokerage fee paid by the Company to OPSL for the Year amounted to HK$812,000.

OPSL is an indirect non-wholly-owned subsidiary of OPFGL and OPFGL is a Substantial Shareholder of the Company and was indirectly interested in 359,800,000 Shares of the Company (representing approximately 18.96% of the total issued share capital of the Company). OPSL is an associate of OPFGL and is, therefore, a connected person of the Company under Chapter 14A of the Listing Rules. The transaction between the Company and OPSL under the Placing Agreement, i.e. the engagement of OPSL as placing agent constituted a de-minimis connected transaction of the Company under Chapter 14A of the Listing Rules.

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

DIRECTORS' REPORT

BUSINESS REVIEW

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

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

Principal risks and uncertainties

Please refer to note 5 to the Consolidated Financial Statements on page 67.

Important events after the end of the financial year

Please refer to note 32 to the Consolidated Financial Statements on page 113.

Environmental Protection

The Group has taken an initiative to promote employees' awareness in environmental protection through establishing office policies that include paper recycling, energy saving and water saving. The Group endeavours to comply with laws and regulations regarding environmental protection and adopts effective measures to achieve efficient utilization of resources, energy saving and waste reduction.

Please refer to the Environmental, Social and Governance Report on page 34.

Compliance with laws and regulations

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

Please refer to the Environmental, Social and Governance Report on page 34.

Operating policies

Details of the operating policies of the Company are set out on page 36.

Company's key relationships with its employees

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

Community involvement

Details of community involvement of the Company are set out on page 37.

RETIREMENT BENEFIT SCHEME

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

AUDIT COMMITTEE

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

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

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

DIRECTORS' REPORT

AUDITOR

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

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

On behalf of the Board
OP Financial Investments Limited

ZHANG Zhi Ping
Chairman

Hong Kong SAR, 26 June 2017

• CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Company and its board (the “Board”) of Directors strongly believes that strict adherence to the highest governance standards is vital to fulfilling its corporate responsibilities as a listed company. The Directors and employees all endeavor to uphold and nurture accountability, transparency, fairness and integrity in all aspects of the Group’s operations. We are committed to the highest governance standards by regularly reviewing and enhancing our governance practices.

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

CORPORATE GOVERNANCE CODE COMPLIANCE

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

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 (“AGM”). Nevertheless, all Directors attended the extraordinary general meeting of the Company which was held on 30 March 2017.

The attendance of each Director, by name, at the board, committees’ and general meetings is set out in the subsection headed “Meetings” on page 28.

DIRECTORS’ SECURITIES TRANSACTIONS

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

Directors’ and Chief Executive’s interests and/or short positions in shares and underlying shares of the Company or any associated corporation are shown on page 17.

THE BOARD

Composition

The Board currently comprises eight members. Four of them are executive Directors, one of them is non-executive Director and the remaining three members are independent non-executive Directors (“INEDs”) who are either legal professional or accounting or financial experts.

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

THE BOARD (continued)

Composition (continued)

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

Board Diversity Policy

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

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

Responsibilities

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

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

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

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

Chairman and Chief Executive Officer

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

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

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

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

• CORPORATE GOVERNANCE REPORT

THE BOARD (continued)

Independence of Non-executive Directors

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

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

Continuous Professional Development

All Directors should keep abreast of their responsibilities as Directors and the Company's business and activities. The company secretary continuously updates all Directors on the latest developments regarding Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all Directors. All Directors are also encouraged to attend relevant training courses and seminars that may require keeping abreast with the latest changes in laws, regulations and the business environment.

Pursuant to Code Provision A.6.5, Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the Year, all Directors have participated in appropriate continuous professional development activities either by attending training courses or by reading materials relevant to the Company's business or to the Directors' duties and responsibilities. The Company has received from each Director a confirmation of their participation in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations.

CORPORATE GOVERNANCE REPORT

THE BOARD (continued)

Meetings

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

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

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

	Meetings attended/held					
Name of Directors	**General** (Note 1)	**Regular Board** (Note 1)	**Audit Committee** (Note 1)	**Remuneration Committee** (Notes 1 & 2)	**Nomination Committee** (Note 1)	**CG Committee** (Note 1)
Executive Directors						
Mr. Zhang Zhi Ping	2/3	5/5	–	1/2	2/2	2/2
Mr. Zhang Gaobo	3/3	5/5	–	1/2	2/2	2/2
Dr. Liu Zhiwei (Note 3)	2/3	5/5	–	1/2	–	2/2
Mr. Zhang Weidong (Note 4)	1/3	1/5	–	–	–	–
Non-executive Director						
Dr. Wu Zhong (Note 4)	1/3	1/5	–	–	–	–
Independent non-executive Directors						
Mr. Kwong Che Keung Gordon	2/3	5/5	3/3	2/2	2/2	2/2
Prof. He Jia	3/3	5/5	3/3	2/2	2/2	2/2
Mr. Wang Xiaojun	2/3	5/5	3/3	2/2	2/2	2/2

Notes:

(1) The attendance figure represents actual attendance/the number of meetings a director is entitled to attend.

(2) Each of Mr. Zhang Zhi Ping, Mr. Zhang Gaobo and Dr. Liu Zhiwei attended one of the Remuneration Committee's meetings as invitees throughout the Year.

(3) Dr. Liu Zhiwei was re-designated from the position of NED to ED on 28 June 2016.

(4) Mr. Zhang Weidong and Dr. Wu Zhong were appointed as an ED and NED on 10 February 2017 respectively.

Performance Evaluation

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

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

• CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

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

The Committees' terms of reference are reviewed and updated regularly to ensure they continue to be at the forefront of best practice, and they are available on the Company's website. Each Committee's membership is also reviewed by the Board annually. The member lists of the Committees are set out below in this Corporate Governance Report. The attendance record of the Committee members for the Year is shown on page 28 of this Annual Report.

Audit Committee

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

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

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

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

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

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

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

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

– held two meetings with the external auditors;

– held one meeting with the internal auditors;

– reviewed and discussed the risk management and internal control systems with the management to ensure that management has performed its duty to have effective systems;

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

Further details of the Company's risk management and internal control systems are set out on page 33 of this Annual Report.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (continued)

Remuneration Committee

The Remuneration Committee comprises three INEDs, namely, Mr. Wang Xiaojun, Prof. He Jia and Mr. Kwong Che Keung, Gordon. Mr. Wang Xiaojun is the chairman of the Remuneration Committee.

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

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

– made recommendations to the Board on the remuneration packages of individual executive Directors and Senior Management for the Year;

– reviewed the Company's existing remuneration policy.

The remuneration of the members of the senior management by band for the Year is set out on page 82.

Nomination Committee

The Nomination Committee comprises two executive Directors, namely, Mr. Zhang Zhi Ping and Mr. Zhang Gaobo, and three INEDs, namely, Mr. Kwong Che Keung, Gordon, Prof. He Jia and Mr. Wang Xiaojun. Mr. Zhang Zhi Ping is the chairman of the Nomination Committee.

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

Following a formal, rigorous and transparent process implemented and led by the Nomination Committee, the Board appointed Mr. Zhang Weidong as an executive Director and Dr. Wu Zhong as a non-executive Director of the Company on 10 February 2017 and each of Mr. Zhang Weidong and Dr. Wu Zhong was re-elected as Directors by Shareholders at the extraordinary general meeting of the Company held on 30 March 2017.

The Nomination Committee has also reviewed the structure, size and composition of the Board, assessed the independence of INEDs and made recommendations on the re-appointment of retiring Directors to the Board. Details of re-appointments were set out in the circular of the Company dated 28 July 2016 and all re-appointments were approved by the Shareholders at the AGM held on 31 August 2016.

Corporate Governance Committee

The CG Committee comprises three executive Directors, namely, Mr. Zhang Zhi Ping, Mr. Zhang Gaobo and Dr. Liu Zhiwei, and three INEDs, namely, Prof. He Jia, Mr. Kwong Che Keung, Gordon and Mr. Wang Xiaojun. Prof. HE Jia is the chairman of the CG Committee.

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

During the Year, the CG Committee has reviewed the Company's policy and practices on corporate governance, training and continuous professional development of directors and senior management, compliance with the CG Code and relevant disclosure in the annual report for the year ended 31 March 2016 and the interim report for the period from 1 April 2016 to 30 September 2016. Save as otherwise provided in the section headed "CG Code Compliance", the CG Committee concluded that the Company has complied with the CG Code and all Directors have fully complied with the Model Code during the Year. The disclosure in this Corporate Governance Report has also been reviewed by the CG Committee.

• CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Group's accounts for each financial period and to ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the consolidated financial statements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

AUDITOR'S REMUNERATION

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

During the Year, the fees paid to the Group's external auditors in respect of audit services and non-audit services amounted to HK$1,105,000 (2016: HK$965,000) and HK$345,000 (2016: HK$325,000) respectively. It should be noted that the non-audit services e.g. review of interim financial statements, results announcements and continuing connected transactions of the Group, provided by the external auditors during the Year were incidental to their audit services.

The statement of the external auditors of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on page 38.

COMPANY SECRETARY

The Company Secretary, Zhou Tao David, is responsible for facilitating the Board process, as well as communication among the Board members, with the Shareholders and management of the Company. The Company Secretary is a solicitor in Hong Kong, and has more than twelve years of experience in legal and compliance matters in financial institutions in Hong Kong. He holds the lawyer qualification in China, a LLB degree from Xiamen University and a LLB degree from Manchester Metropolitan University. He is also an arbitrator of South China International Economics and Trade Arbitration Commission. During the Year, the Company Secretary undertook no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meeting

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

– any two or more members of the Company; or

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

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

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS (continued)

Convening of Extraordinary General Meeting (continued)

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

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

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

Shareholder Communication Policy

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

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

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

INVESTOR RELATIONS

Constitutional Documents

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

General Meetings

A general meeting is an important forum where communications with the Shareholders can be effectively conducted. During the Year, an AGM and two EGMs were held at the principal place of business of the Company on 31 August 2016, 13 May 2016 and 30 March 2017 respectively. All resolutions proposed at the AGM and EGMs were duly passed. Details of the poll results were posted on the websites of the Stock Exchange and the Company.

• CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

OP Financial Investments Limited ("the Company") is pleased to launch its first Environmental, Social and Governance ("ESG") Report for the year ended 31 March 2017 (the "Reporting Period") which outlines our policies and practices in three aspects, namely Environmental Protection, Human Resources, and Community Involvement, with reference to the ESG Reporting Guide (the "ESG Guide") as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for disclosures.

The Company has established an inter-departmental ESG taskforce (the "ESG taskforce") to review relevant ESG issues and to assess their materiality to the company's business as well as the company's stakeholders. Disclosures relating to the material ESG issues identified have been included in the ESG Report with reference to the ESG Guide.

1. ENVIRONMENTAL PROTECTION

1.1 Emission

The Company is committed to reduce carbon footprints by pursuing energy saving and other environmental protection measures in our business operation. Due to our business nature as an investment company, our daily operation only generate indirect greenhouse gas ("GHG") emission, limiting to electricity, water and paper consumptions in our office setting. The ESG taskforce has set up office policies to minimize emission as described below.

During the Reporting Period, the Company did not identify any non-compliance related to GHG emissions.

1.2 Guideline on Use of Resources

Due to the nature of our business, the Company does not have any direct or significant impacts on the environment and natural resources. The Company follows the "3Rs"- Reduce, Reuse, Recycle in our daily operation, particularly in paper usage. We make good use of the internet channels to cut down the use of paper, for instance, communicating internally and externally by e-mail and distributing digital reports instead of printed ones. Apart from the paperless approach, the Company also encourage recycling through double-side printing and set up of paper-recycling bins to collect paper waste.

Certain levels of action were prompted in the Company in order to save electric and water energy consumptions.

– **In the management level**, the office setting has adopted an open office design to enhance indoor ventilation and reduce reliance on air-conditioning. Meanwhile, the major source of the office's lighting came from energy-saving T8 Florescent tubes that are proven to be energy-efficient.

– **In the employee level**, we issued regular notices to promote employee's awareness of environmental protection and the need to achieve efficient utilization of resources.

– A speech about "OP goes Green" was presented to all staff in the 2017 Annual Dinner as an internal training to re-enforce our environment policies.

– Our investee companies are also advised to follow the environmental protection guidelines as mentioned whenever possible.

By pursuing the above-mentioned green initiatives, the Company is committed to act out our corporate social reasonability to the environment.

• ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ENVIRONMENTAL PROTECTION (continued)

1.2 Guideline on Use of Resources (continued)

The Company is delighted to be recognized by the World Green Organisation's (WGO) Green Office Awards Labelling Scheme ("GOALS") in fulfilling the United Nation Sustainable Development Goals ("UNSDG"). In recognition of the Company's achievements in ensuring environmental sustainability, we are jointly endorsed by the WGO and Junior Chamber International Hong Kong (JCI) as a recipient of the "WGO's Green Office Label" and the "United Nations Sustainable Development Goals' (UNSDG) Better World Company Label" (Pic 1).

Pic 1: The "WGO" and the "UNSDG Better World Company Label"

2. HUMAN RESOURCES

The Company regards our staff as the greatest asset, as we believe that by working as a team, together everyone can achieve more. There are a set of policies and procedures in place to set out the standard of terms and conditions of staff recruitments and employments. An Employee's Handbook is issued to all staff at their first day of work regarding workplace expectations, which covers the Company's policies, employment guidelines and compensation matters. The group strictly complies with the employment ordinance (chapter 57 of the Laws of Hong Kong) and other relevant laws and regulations which cover all employment protection and benefits.

2.1 Employment

The Company adopts equal employment opportunity policies and treats all our employees equally, implying that their employment, remuneration and promotion are not to be affected by their social identities such as ethnicity, race, nationality, gender, age, sexual orientation, political faction and marital status.

As at 31 March 2017, the group employed 28 full-time employees which are all located in Hong Kong. The following table illustrates the breakdown of our full-time employees in the Reporting Period.

	Age 30 or below	Age 31 to 40	Age 41 or above	Total
Male	1	5	9	15
Female	5	6	2	13
Total	6	11	11	28

The Company offered self-motivated employees with opportunities to advance their careers. Competitive remuneration is offered to employees and their performance is reviewed on an annual basis reflecting each employee's contributions to the Company. Recreationally, the Company hosted an annual dinner for its employees and their family members to enable them to interact socially and to nurture a sense of belonging and unity. Moreover, long service gifts were presented to the employees who reached 10 years of service with the Company for their loyalty and continuing contribution to the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. HUMAN RESOURCES (continued)

2.2 Health and Safety

The Company paid strong attention to the occupational health and safety of the staff during the employment period. As an employer, it is our responsibility to provide a comfortable and safe working condition. We offer comprehensive medical insurance coverage to all of our full time employees, which cover out-patient clinical visits, dental services, as well as hospitalization and surgical treatment.

2.3 Development and Training

Complying with our business requirements, the Company ensures our relevant employees to receive essential continuous professional training and developments in accordance with their job duties. The Company also encourages its staff to pursue continued education that relates to their roles and duties, by providing course fee subsidies and leave grants to their attendances in professional examinations, seminars, and training courses.

2.4 Compliance with laws and regulations

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

During the reporting period, there were no confirmed risks relating to corruption or public legal cases brought against the Company or its directors.

3. OPERATING POLICIES

3.1 Investment projects

In managing our investment portfolio, we consider whether the management is acting in an environmentally, socially and ethically manner. Investment projects are assessed based not only on their returns, but also their ways of doing things in respect of environmental, social and business conduct.

3.2 Anti-corruption

We live up to the high expectation that our shareholders have held for us as a responsible business by upholding high ethical values. The Group has zero tolerance for bribery, extortion and other forms of corruption. Our anti-corruption policies and procedures require our business to meet high ethical standards at all times.

Our whistle-blowing procedures encourage and enable our employees and other stakeholders to report on observed and suspected non-compliance and questionable practices in confidence without retribution. Reported cases are investigated and followed up by the compliance or internal audit teams. Confirmed cases are reported to the Audit Committee and Management of the Group.

4. COMMUNITY INVOLVEMENT

The Company seeks to fulfill corporate social responsibility through involving both directly and indirectly in the community and extending our reach to the people in need via cooperating with NGO and social enterprise.

4.1 Direct involvement

During the Year, a donation of HK$60,000 was directly made to Tsinghua University Alumni Association (Hong Kong) as a sponsorship to foster professional networking among academic elites, who are currently or about to play important roles in regional social-economic development.

4.2 Indirect involvement

The Company was indirectly involved in the good deeds of our parent's company, Oriental Patron Financial Group ('OPFG'):

– Within the industry's scope, OPFG contributed HK$6,000 annually to the newsletter's publication of the Hong Kong Securities Association Limited, which is a non-profit making industry association that strives for the betterment of the stockbroking business community.

– In July 2016, OPFG appointed First Sense Design, a social enterprise of the Hong Kong Federation of Handicapped Youth, to deliver design service and production of holiday premiums, including an electronic greeting card, and preparation of corporate premiums for use in Chinese New Year. A total amount of $36,000 was paid for the service.

– In August 2016, a local NGO was hired to conduct a staff workshop on "DIY mosquito repellent balm". An amount of HK$2,630 was paid to the said NGO, *Hong Kong Federation of Women's Centres*, which is established to promote gender equality. Re-employed women who came from grassroots community are trained as recreational workshop tutors, and through the NGO they receive opportunities to regain social-economic status.

4.3 Our Persistent Effort

The Company realizes the importance of extending our reach to the community, and we are pledged to continue with our consistent efforts in community involvement.

5. CONCLUSION

This ESG report is written in accordance with the ESG Guide of the Listing Rules. The Company is committed to continue the ESG reporting on a regular basis and to track the performance and progress of our ESG related strategies to facilitate a sustainable business growth.

As a responsible and caring corporate citizen, the Group upholds the principle that good business practices and corporate social responsibility are vital for the sustainability of its success. We value feedback and comments to this ESG report. Please feel free to provide your comments by email to ir@opfin.com.hk.

INDEPENDENT AUDITOR'S REPORT

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

OPINION

What we have audited

The consolidated financial statements of OP Financial Investments Limited (the "Company") and its subsidiaries (the "Group") set out on pages 44 to 113, which comprise:

- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of financial position as at 31 March 2017;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

• INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarized as follows:

- Valuation of level 3 financial instruments
- Impairment assessment of available-for-sale equity instruments and investments in associate

Key Audit Matters	How our audit addressed the Key Audit Matters
Valuation of level 3 financial instruments	
The disclosure of the fair valuation of the level 3 financial instruments are detailed in note 5 to the consolidated financial statements. The Group has invested in unlisted financial instruments at fair value through profit or loss and available-for-sale financial assets with fair values of HK\$257.91 million and HK\$313.12 million respectively, in aggregate representing 19.59% of the net assets value of the Group as at 31st March 2017. These unlisted financial instruments were valued with inputs that are not based on observable market data and were classified as level 3 financial instruments at 31st March 2017. The Group considered the amount of level 3 financial instruments is material to the consolidated financial statements of the Group as at 31st March 2017. We focused on this area because there is a significant judgment exercised by management involved in identifying the appropriate valuation models and to determine appropriate inputs to establish the fair value of these level 3 financial instruments. Management used different valuation models in determining the fair value of each level 3 financial instrument. As part of the valuation process, management had appointed an independent external valuer to estimate the fair value of two level 3 financial instruments and the fair value of such amounted to HK\$167.10 million, representing 5.73% of the net asset value of the Group as at 31st March 2017.	Our major procedures in relation to management's valuation of the level 3 financial instruments were as follows: • We obtained an understanding of management's processes which are used in determining the fair valuation of the unlisted financial instruments. This includes discussing the processes with management and inspecting the valuation governance structure and protocols around their oversight of the valuation process. • We assessed and evaluated the different valuation methodologies used by the Group to estimate the fair value of each level 3 financial instrument as at 31st March 2017. • We assessed the key assumptions used by management in the different valuation models by reviewing the contract terms and the relevant market conditions and businesses of each level 3 financial instrument. • We reviewed the contractual agreements, relevant legal document and the calculation made by management and obtained the investment confirmation to verify the existence and accuracy of the Group's ownership share of each level 3 financial instrument. We performed the following procedures on certain level 3 financial instruments for which valuation reports were issued by the independent external valuer: • We evaluated the independent external valuer's competence, capabilities and objectivity.

• INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
Valuation of level 3 financial instruments (continued)	
In light of the unquoted and illiquid nature of these level 3 financial instruments, the assessment of fair value was subjective and required a number of significant and critical judgements to be made by management. The fair value of each of these unlisted investments were based on the available information and do not necessarily represent amounts which might ultimately be realized. The fair value of these level 3 financial instruments are subject to change depending on future circumstances and cannot be accurately determined until each of them is disposed. There is a risk that inaccurate judgements made in the assessment of fair value, in particular in respect of; earnings multiples, the application of liquidity discounts, calculation of discount rates, the estimation of future maintainable earnings, credit risk and the use of recent transaction prices, could lead to an inaccurate valuation of the unlisted financial instruments. In turn, this could materially misstate the amounts at which these financial instruments are carried in the consolidated statement of financial position, the net change in unrealized gains/losses on these financial instruments in the consolidated statement of profit or loss and other comprehensive income, and the net asset value per share.	• We assessed the valuation methodologies used by the independent external valuer in estimating the fair value. • We checked the accuracy and relevance of the input data on a sample basis. We also performed the following procedures on key assumptions used by management and/or external valuer in the calculation of fair value: • We challenged management on the application of liquidity discounts, earnings multiples, credit risk, and the use of recent transaction prices, obtained the rationale and supporting evidence for adjustments made. • We performed corroborative calculations to assess the reasonableness and accuracy of discount rates. • We assessed and evaluated the assumptions made to calculate future maintainable earnings and corroborated the assumptions to supporting documentation. Based on the procedures we performed, the valuation process of the level 3 financial instruments is considered as not unreasonable. The fair value measurement and management's conclusion on valuation are supported by available evidence.

• INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
Impairment assessment of available-for-sale equity instruments and investments in associates	
The disclosures about the impairment assessment of financial instruments are detailed in note 16 to the consolidated financial statements. As at 31st March 2017, the Group held certain available-for-sale equity instruments of HK$322.04 million and investments in associates accounted for using the equity method of HK$644.12 million. The associates of the Group also held listed and/or unlisted investments as at 31st March 2017. For the investments in associates which were recognized by using equity method, the Group has assessed the fair value of the underlying listed and/or unlisted investments held by the associates as at 31st March 2017. In addition, the management also assesses whether there is objective evidence that any available-for-sale equity instrument or investments in associates is impaired. A significant or prolonged decline in the fair value of the security below its cost is evidence that the assets are impaired. We focused on this area because the impairment assessment performed by the Group of investment in associates accounted for using the equity method and available-for-sale equity instruments involved significant management judgement. Management assessed the fair value of the underlying unlisted investments held by the associates by reviewing the assumptions of the valuation model and reference to their recent transaction or quoted prices. For the year ended 31st March 2017, the Group recognized an impairment loss of HK$2.1 million on its investment in an associate. For the year ended 31st March 2017, the Group recognized an impairment loss of HK$49.93 million on its available-for-sale equity instruments. The impairment assessment conducted by the Group was as follows: • performing on-going review for the existence of objective evidence that any available-for-sale equity instrument or investment in associate may be impaired; • identifying if there was objective evidence of deterioration in the financial conditions of the investee industry and sector performance, or changes in operating and financing cash flows; and • assessing if there has been a significant or prolonged decline in fair value below investment cost; and • assessing the fair value of underlying investment in unlisted equities held by the associates of the Group.	We assessed the reasonableness and relevance of the objective evidence of deterioration in the financial conditions of the investee industry and sector performance, or changes in operating and financing cash flows considered by management in the impairment assessment by comparing with the latest external information and development of the relevant industry, sector or specific financial instrument's financial performance. We have evaluated management's assessments of fair value of the unlisted investments held by associates by reviewing relevant legal documents and challenging management's assumptions and estimates such as marketability discount used in determining the fair value of the unlisted investments held by the associates. We assessed the consistency of management's judgement on significant or prolonged decline in fair value below the investment cost across all investments in associates and available-for-sale equity instruments. We have evaluated management's processes of assessment of impairment indicators for its investments in associates accounted for using the equity method for the year ended 31st March 2017, and management's conclusion that no impairment indicators were observed were supported by available evidence. We have evaluated the impairment assessments performed by management of the available-for-sale equity instruments by comparing the acquisition cost and current fair value, less any impairment loss on that financial instrument previously recognized in profit or loss. Based on the procedures we performed, we found no material misstatements from our testing. Management's conclusion on impairment assessment are supported by available evidence.

• INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Li, Lien.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
Revenue	6	101,607	29,492
Other income	7	2,216	–
Net change in unrealized (loss)/gain on financial assets at fair value through profit or loss			
– Classified as held for trading		(58,596)	21,067
– Designated as such upon initial recognition		21,421	(3,685)
		(37,175)	17,382
Net realized gain on disposal of investments	17	125,741	89,358
Impairment loss on available-for-sale financial assets	16	(49,927)	(34,334)
Equity-settled share-based payments	22	(10,061)	(8,953)
Operating and administrative expenses	10	(116,323)	(71,310)
Profit from operations		16,078	21,635
Share of results of investment accounted for using equity method	15	187,288	23,918
Impairment loss on investment in an associate	15	(2,096)	(1,416)
Profit before tax		201,270	44,137
Taxation	9	(13,210)	20
Profit for the Year	10	188,060	44,157
Other comprehensive income			
Items that may be reclassified to profit or loss			
Available-for-sale financial assets			
Fair value changes		(32,571)	(36,444)
Impairment loss	16	49,927	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		(296)	(307)
Other comprehensive income for the Year		17,060	(4,503)
Total comprehensive income for the Year		205,120	39,654
Earnings per share			
Basic	12(a)	10.15 cents	2.88 cents
Diluted	12(b)	10.12 cents	2.88 cents
Proposed final dividend per share	11	4 cents	2.5 cents

The notes on pages 49 to 113 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	14	294	96
Investments accounted for using equity method	15	644,123	466,453
Available-for-sale financial assets	16	322,039	192,721
Financial assets at fair value through profit or loss	17	239,912	8,596
		1,206,368	667,866
Current assets			
Financial assets at fair value through profit or loss	17	35,258	274,934
Accounts and loans receivable	18	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
		1,829,780	1,989,846
TOTAL ASSETS		3,036,148	2,657,712
Capital and reserves			
Share capital	21	189,740	184,140
Reserves		2,724,760	2,454,203
TOTAL EQUITY		2,914,500	2,638,343
Current liabilities			
Accounts payable	19	63,210	–
Other payables	19	30,550	4,691
Tax payable		27,888	14,678
TOTAL LIABILITIES		121,648	19,369
TOTAL EQUITY AND LIABILITIES		3,036,148	2,657,712
NET ASSETS		2,914,500	2,638,343
Net asset value per share	23	HK$1.54	HK$1.43

The notes on pages 49 to 113 form an integral part of these consolidated financial statements.

Approved by the Board of Directors on 26 June 2017

ZHANG Zhi Ping
Director

ZHANG Gaobo
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

			Reserves					
	Note	**Share capital** HK$'000	**Share premium** HK$'000 (note 30)	**Share-based payment reserve** HK$'000 (note 30)	**Investment revaluation reserve** HK$'000 (note 30)	**Exchange reserve** HK$'000	**Retained profits** HK$'000	**Total** HK$'000
At 1 April 2015		94,140	965,680	18,494	5,227	–	183,315	1,266,856
Vesting of share options	22	–	–	14,842	–	–	–	14,842
Unvested share options lapsed	22	–	–	(5,889)	–	–	–	(5,889)
Share options forfeited	22	–	–	(11,427)	–	–	11,427	–
Placement of shares	21	90,000	1,232,880	–	–	–	–	1,322,880
Total comprehensive income for the year		–	–	–	(4,196)	(307)	44,157	39,654
At 31 March 2016 and 1 April 2016		184,140	2,198,560	16,020	1,031	(307)	238,899	2,638,343
Vesting of share options	22	–	–	10,061	–	–	–	10,061
Placement of shares	21	5,600	101,411	–	–	–	–	107,011
Total comprehensive income for the Year		–	–	–	17,356	(296)	188,060	205,120
Dividend paid	11	–	–	–	–	–	(46,035)	(46,035)
At 31 March 2017		**189,740**	**2,299,971**	**26,081**	**18,387**	**(603)**	**380,924**	**2,914,500**

The notes on pages 49 to 113 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	201,270	44,137
Adjustments for:		
Dividend income	(765)	(4,493)
Interest income	(34,918)	(9,495)
Exchange differences	–	39
Depreciation	107	17
Realized gain on redemption of investment funds	–	(15,265)
Realized gain on disposal of listed securities	(125,741)	(7,269)
Realized gain from capital return on investment in a joint venture	–	(66,824)
Net change in unrealized loss/(gain) on financial assets at fair value through profit or loss	37,175	(17,382)
Impairment loss on available-for-sale financial assets and investments accounted for using equity method	52,023	35,750
Share of results of investments accounted for using equity method	(187,288)	(23,918)
Equity-settled share-based payments	10,061	8,953
Operating cash flows before working capital changes	(48,076)	(55,750)
Increase in accounts and loans receivable	(65)	(6)
Increase in prepayments and other receivables	(282)	(548)
Increase in accounts payable	63,210	–
Increase in other payables	25,859	1,695
	40,646	(54,609)
Tax paid	–	(4,694)
Net cash generated from/(used in) operating activities	40,646	(59,303)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds on disposal of listed securities	324,820	16,837
Net proceeds on settlement of debt investments	497,717	–
Distribution from capital return on investment in a joint venture	–	285,650
Net redemption of unlisted investment funds	1,358	97,376
Purchase of financial assets at fair value through profit or loss	(726,970)	(202,180)
Purchase of available-for-sale financial assets	(161,888)	(15,961)
Acquire equity interest of associate	–	(351,671)
Loan repayment received from an associate	–	1,500
Other loan repayment received	–	3,000
Dividend received	46,729	49,671
Interest received	33,179	9,461
Purchase of property, plant and equipment	(305)	(87)
Net cash generated from/(used in) investing activities	14,640	(106,404)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from placement of shares	107,011	1,322,880
Dividend paid	(46,035)	–
Net cash generated from financing activities	60,976	1,322,880
NET INCREASE IN CASH AND CASH EQUIVALENTS	116,262	1,157,173
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,670,548	513,375
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,786,810	1,670,548
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	1,786,810	1,670,548

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

The notes on pages 49 to 113 form an integral part of these consolidated financial statements.

• NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of its subsidiaries and associates are set out in notes 30 and 15 respectively.

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

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

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

In the Year, the Company and its subsidiaries (the "Group") has adopted all the relevant new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are currently in issue and effective for its accounting year beginning on 1 April 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" clarifies 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" clarifies 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

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

HKFRS 9, 'Financial instruments'

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 available-for-sale (AFS) for which a fair value through other comprehensive income (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.

• NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

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

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 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.

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

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

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, see note 26. 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 year 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. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation

(i) Subsidiaries

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

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

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

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

(ii) Business combination

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation (continued)

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

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

(iv) Disposal of subsidiaries

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

(v) Associates

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

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

The Group's share of its associate's post-acquisition profit or loss is recognized in profit or loss, and its share of the post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

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

• NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation (continued)

(v) Associates (continued)

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

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

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

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

(vi) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements.

A structured entity often has restricted activities and a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity. Consequently, investment funds invested by the Group are considered as "unconsolidated structured entities", as described in note 17(d).

(vii) Joint arrangements

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation (continued)

(vii) Joint arrangements (continued)

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

(b) Segment reporting

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

(c) Foreign currency translation

(i) Functional and presentation currency

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

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

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

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

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

• NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign currency translation (continued)

(iii) Group companies

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

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

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

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

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

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

(d) Property, plant and equipment

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

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

Motor vehicle	$33^1/_3$%
Computer equipment	25%
Office equipment	25%
Furniture	25%

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

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

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

(e) Impairment of non-financial assets

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

(f) Financial assets

(i) Classification

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial assets (continued)

(i) Classification (continued)

Available-for-sale financial assets

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

(ii) Recognition and measurement

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

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

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

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

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

(iii) Offsetting financial instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial assets (continued)

(iv) Impairment of financial assets

Assets carried at amortized cost

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

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

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

Assets classified as available-for-sale

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

(g) Derivative financial instruments

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

• NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Accounts and other receivables

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

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

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

(i) Cash and cash equivalents

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

(j) Financial liabilities and equity instruments

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

(i) Accounts and other payables

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

(ii) Equity instruments

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

(iii) Warrants

Warrants issued by the Company that will be settled by a fixed amount of cash for a fixed number of the Company's own equity instruments are an equity instrument. Otherwise, they would be classified as derivate financial instruments, which are recognized at their fair values at the date of issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Revenue recognition

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

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

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

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

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

(l) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

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

(iii) Termination benefits

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

(iv) Bonus

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

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

• NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Share capital and dividend distribution

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

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

(n) Share-based payments

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

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

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

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

(o) Current and deferred tax

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

(i) Current income tax

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Current and deferred tax (continued)

(ii) Deferred tax

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

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

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

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

(iii) Offsetting

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

(p) Operating leases

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Related parties

A party is related to the Group if:

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

(ii) the party is an associate;

(iii) the party is a joint venture;

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

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

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

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

(r) Provisions and contingent liabilities

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

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

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

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

(s) Events after the reporting period

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Tax

Significant estimates are required in determining the provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax 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. For details please refer to note 9 to the consolidated financial statements.

(b) Fair value estimation of financial instruments and embedded derivatives

As indicated in notes 5, 16 and 17 to the consolidated financial statements, the Group selects appropriate valuation techniques for financial instruments not quoted in an active market. The fair values of unlisted investments are determined in accordance with generally accepted pricing models such as Discounted Cash Flow Method. The values assigned to these unlisted investments are based upon available information and do not necessarily represent amounts which might ultimately be realized, since such amounts depend on future circumstances and cannot be reasonably determined until the individual position is realized.

The Group determines the fair value of embedded derivatives which requires input of subjective assumptions as disclosed in note 17. Any change in the assumptions may materially affect the fair value of the derivatives.

(c) Fair value estimation of share options

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

(d) Assessment of investment entities

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

(e) Classification of revenue

Management applies judgement in determining commercial substance of the revenue received, which determine the classification of revenue in the consolidated statement of profit and loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(f) 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.

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$49,927,000 and HK$34,334,000 for the years ended 31 March 2017 and 2016 respectively. Please refer to note 16 "Available-for-sale financial assets" for more details.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Group	
	2017	2016
	HK$'000	HK$'000
Financial assets		
Available-for-sale financial assets	**322,039**	192,721
Financial assets at fair value through profit or loss		
Classified as held for trading	**17,258**	274,934
Designated as such upon initial recognition	**257,912**	8,596
Loans and receivables		
Accounts, loans receivables and others	**7,712**	44,364
Bank deposits and cash balances	**1,786,810**	1,670,548
Financial liabilities		
Accounts payable	**63,210**	–
Other payables	**30,550**	4,691

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management

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

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

(i) Foreign currency risk

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

At 31 March 2017, the Group exposure to foreign currency risk from one of its net investments amount in an unlisted equity investment recognized in financial assets at fair value through profit or loss and its 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).

Sensitivity analysis

At 31 March 2017, if the RMB exchange rate has been 50 basis points higher/lower with all other variables held constant, the profit for the Year would have increased/decreased by approximately HK$113,000 (2016: HK$300).

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

(ii) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits (2016: bank deposits). At 31 March 2017, the Group's interest-bearing assets was HK$1,786,810,000 (2016: HK$1,670,548,000). A change in interest rate levels within the range foreseen by the directors for the next twelve months could have a material impact on the Group.

The Board are of the opinion that the debt investments held by the Group as at 31 March 2017 were all with fixed interest rates and carried at transaction cost in the current period, hence the reasonable possible shift of market interest rate does not have a significant impact to the expected returns and fair value from these investments. The interest rate risk to these investments are considered to be insignificant.

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

Sensitivity analysis

At 31 March 2017, if the interest rates had been 25 basis points higher/lower with all other variables held constant, profit for the Year would have increased/decreased by approximately HK$4,467,000 (2016: HK$4,176,000).

• NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(iii) Equity price risk

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

Sensitivity analysis

At 31 March 2017, if the price of the Group's financial assets at fair value through profit or loss and the Group's available-for-sale financial assets had been 10% higher/lower with all other variables held constant, the profit for the Year would have increased/decreased by approximately HK$24,767,000 (2016: approximately HK$28,353,000) and the investment revaluation reserve would have increased/decreased by approximately HK$32,204,000 (2016: HK$19,272,000).

(iv) Credit risk

At 31 March 2017, the Group's maximum exposure to credit risk in the event of the counterparties fail to perform their obligations in relation to each class of recognized financial assets is the carrying amount of these assets as stated in the consolidated statement of financial position.

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

The Group's credit risk on debt securities held, accounts and loans receivable, prepayment and other receivables are limited because the management closely monitor the financial position of the underlying companies by regularly reviews their financial and operation results and assess their abilities to fulfill the repayment obligations.

At 31 March 2017, the Group had more concentration of credit risk by geographical location and by customer than the previous year. 50% of its receivables was due from one investment partner in the Mainland China (2016: 9% due from one investment partner in the Mainland China). The maximum exposure to credit risk on this investment partner was HK$3,886,000 (2016: HK$3,877,000). However, the directors consider that the credit risk associated with the counterparty is limited as:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(v) Liquidity risk

Liquidity risk is the risk that the Group cannot meet its current obligations as they fall due. For managing liquidity risk, the Group monitors and maintains a sufficient level of cash and cash equivalents adequate to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The directors review and monitor its working capital requirements regularly. At 31 March 2017, the Group held cash and cash equivalents of HK$1,786,810,000 (2016: HK$1,670,548,000) which were considered adequate for working capital management.

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

	Less than 1 year HK$'000
At 31 March 2017	
Accounts and other payables	93,760
At 31 March 2016	
Other payables	4,691

(c) Fair values estimation

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

Disclosures of level in fair value hierarchy at 31 March 2017

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	5,308	–	–	5,308
Unlisted investment funds	–	11,950	6,863	18,813
Unlisted debt investments	–	–	27,500	27,500
Unlisted equity investments	–	–	223,549	223,549
Available-for-sale financial assets				
Listed securities	8,918	–	–	8,918
Unlisted equity investments	–	–	313,121	313,121
Total	14,226	11,950	571,033	597,209

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

	Year ended 31 March 2017				
	Financial assets at fair value through profit or loss			Available-for-sale financial assets	
Description	Unlisted investment funds HK$'000	Unlisted debt investments HK$'000	Unlisted equity investments HK$'000	Unlisted equity investments HK$'000	Total HK$'000
At the beginning of the Year	8,596	–	–	185,059	193,655
Total gains or losses recognized					
– in profit or loss (#)	(375)	–	21,796	–	21,421
– in other comprehensive income	–	–	–	(30,655)	(30,655)
Purchases/Additions	–	27,500	201,753	158,717	387,970
Disposals/Distributions	(1,358)	–	–	–	(1,358)
At the end of the Year	6,863	27,500	223,549	313,121	571,033
(#) Total gains or losses included in profit or loss that is attributable to the change in unrealized gains or losses relating to those assets and liabilities held at the end of reporting period	(375)	–	21,796	–	21,421

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

Disclosures of level in fair value hierarchy at 31 March 2016

Fair value measurement using:

Description	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at fair value through profit or loss				
Listed securities	251,226	–	–	251,226
Unlisted investment funds	–	23,708	8,596	32,304
Available-for-sale financial assets				
Listed securities	7,662	–	–	7,662
Unlisted equity investments	–	–	185,059	185,059
Total	258,888	23,708	193,655	476,251

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

	Year ended 31 March 2016		
	Financial assets at fair value through profit or loss	Available-for-sale financial assets	
Description	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 (#)	(3,684)	–	(3,684)
– in other comprehensive income	–	(32,877)	(32,877)
Purchases/Additions	3,101	15,961	19,062
Disposals/Distributions	(2,644)	–	(2,644)
At the end of the Year	8,596	185,059	193,655
(#) Total gains or losses included in profit or loss that is attributable to the change in unrealized gains or losses relating to those assets and liabilities held at the end of reporting period	(3,684)	–	(3,684)

\# 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".

• NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

The consolidated financial statements include holdings in unlisted financial instruments which are measured at fair value (note 16 and note 17). Fair value is estimated using generally accepted pricing models, which included some assumptions that are not supportable by observable market rates. In determining the fair value, certain unobservable inputs and a risk adjusted discount factor were used.

Description	Fair value at 31 March 2017 HK$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Available-for-sale financial assets					
OPIM and OPIMC (non-voting preference shares)	42,389	Discounted cash flow	Discount rate	14.09%	Higher the discount rate, lower the fair value
			Long term growth rate	3%	Higher the growth rate, higher the fair value
Thrive World Limited (equity interest)	124,714	Discounted cash flow	Discount rate	15.77%	Higher the discount rate, lower the fair value
			Forecasted oil price	US$57.85 to US$66.57 per barrel for 2017 to 2020	Higher the oil price, higher the fair value
Jin Dou Development Fund, L.P. (partnership interest)	4,765	Share of net assets	N/A	N/A	N/A
OP Vision L.P. (partnership interest)	1,380	Share of net assets	N/A	N/A	N/A
Xiaoju Kuaizhi Inc. (preferred shares)	116,561	Latest transaction price	N/A	N/A	N/A
Tsingdata Holdings L.P. (partnership interest)	23,312	Latest transaction price	N/A	N/A	N/A
Dance Biopharm Holdings Inc. (equity interest)	–	Latest transaction price with impairment adjustment	N/A	N/A	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

Description	Fair value at 31 March 2017 HK$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss					
Real Estate Opportunity Capital Fund (partnership interest)	3,228	Share of net assets	N/A	N/A	N/A
Zhong Wei Capital L.P. (partnership interest)	3,635	Share of net assets	N/A	N/A	N/A
Guardforce Holdings (HK) Limited (exchangeable bond)	137,764	Amortized cost	N/A	N/A	N/A
Finance Center for South-South Cooperation Limited (promissory note)	9,500	Latest transaction price	N/A	N/A	N/A
Hong Kong Credit Corporation Limited (promissory note)	8,000	Latest transaction price	N/A	N/A	N/A
Forthwise Limited (promissory note)	10,000	Latest transaction price	N/A	N/A	N/A
Sinagri Yingtai AMP Limited (equity interest)	85,785	Latest transaction price	N/A	N/A	N/A

• NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

Description	Fair value at 31 March 2016 HK$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Available-for-sale financial assets					
OPIM and OPIMC (non-voting preference shares)	22,929	Discounted cash flow	Discount rate	13.57%	Higher the discount rate, lower the fair value
			Growth rate/ long term growth rate	6.61%/3%	Higher the growth rate, higher the fair value
Thrive World Limited (equity interest)	131,295	Discounted cash flow	Discount rate	14.94%	Higher the discount rate, lower the fair value
			Forecasted oil price	US$42.7 to US$67.5 per barrel for 2016 to 2019	Higher the oil price, higher the fair value
Dance Biopharm Holdings Inc. (equity interest)	21,268	Latest transaction price	N/A	N/A	N/A
Jin Dou Development Fund, L.P. (partnership interest)	5,559	Share of net assets	N/A	N/A	N/A
OP Vision L.P. (partnership interest)	4,008	Share of net assets	N/A	N/A	N/A
Financial assets at fair value through profit or loss					
Real Estate Opportunity Capital Fund (partnership interest)	5,668	Share of net assets	N/A	N/A	N/A
Zhong Wei Capital L.P. (partnership interest)	2,928	Share of net assets	N/A	N/A	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

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.

6. REVENUE

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

	2017 HK$'000	2016 HK$'000
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
	101,607	29,492

7. OTHER INCOME

	2017 HK$'000	2016 HK$'000
Fund management fee rebate	**1,519**	–
Exchange gain	**697**	–
	2,216	–

• NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

8. 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 executive directors 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 **HK$'000**	2016 HK$'000
Revenue		
Hong Kong	**10,622**	9,653
Mainland China	**15,520**	15,541
Thailand	**50,404**	–
Australia	**24,296**	–
Other countries	**765**	4,298
	101,607	29,492

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 **HK$'000**	2016 HK$'000
Hong Kong	**139,505**	114,878
Mainland China	**504,912**	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.

9. 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.

	2017 HK$'000	2016 HK$'000
Hong Kong Profits Tax	**13,210**	–
Over-provision of Hong Kong Profits Tax for previous year	**–**	(20)
	13,210	(20)

(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:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

10. PROFIT FOR THE YEAR

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

	2017 HK$'000	2016 HK$'000
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 expenses	**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
	39,003	31,096

11. DIVIDENDS

The Board recommend the payment of a final dividend of HK 4 cents per share for the Year to the shareholders whose names are registered 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.

The Board 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 at the close of business on 7 September 2016. The final dividend was approved by the shareholders of the Company at the Annual General Meeting held on 31 August 2016, and was paid on 15 September 2016.

12. 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)	**188,060**	44,157
Weighted average number of ordinary shares in issue (in thousand)	**1,853,517**	1,534,019
Basic earnings per share	**10.15 cents**	2.88 cents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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12. 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 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)	188,060	44,157
Weighted average number of ordinary shares in issue (in thousand)	1,853,517	1,534,019
Adjustments for share options (in thousand)	4,092	–
	1,857,609	1,534,019
Diluted earnings per share	10.12 cents	2.88 cents

13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

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

Name of director	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors				
ZHANG Zhi Ping	–	130	7	137
ZHANG Gaobo	–	130	6	136
LIU Zhiwei	250	–	–	250
ZHANG Weidong	–	2,503	3	2,506
Non-executive director				
WU Zhong	386	–	–	386
Independent non-executive directors				
KWONG Che Keung, Gordon	250	–	–	250
HE Jia	250	–	–	250
WANG Xiaojun	250	–	–	250
	1,386	2,763	16	4,165

• NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

(a) Directors' emoluments (continued)

The emoluments paid or payable to directors in respect of their services as a director, whether of the Company or its subsidiary undertaking during the year ended 31 March 2016 were as follows:

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

The emoluments of the directors fell within the following bands:

	2017 Number of directors	2016 Number of directors
HK$Nil – HK$1,000,000	**7**	6
HK$1,000,001 – HK$1,500,000	**–**	–
HK$1,500,001 – HK$2,000,000	**–**	–
HK$2,000,001 – HK$2,500,000	**–**	–
HK$2,500,001 – HK$3,000,000	**1**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

(b) Senior management's emoluments

Of the five individuals whose emoluments were the highest in the Group for the Year, 1 of them (2016: 0) was a director. The emoluments of the 5 highest paid individuals (2016: 5) are as follows:

	2017 HK$'000	2016 HK$'000
Salaries and other benefits (including share-based compensation)	14,790	12,436
Retirement benefits scheme contributions	88	87
Discretionary bonuses	2,065	2,830
	16,943	15,353

During the year ended 31 March 2017 and 31 March 2016, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group.

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

	2017 Number of individuals	2016 Number of individuals
HK$Nil – HK$1,000,000	–	–
HK$1,000,001 – HK$1,500,000	–	–
HK$1,500,001 – HK$2,000,000	1	1
HK$2,000,001 – HK$2,500,000	–	1
HK$2,500,001 – HK$3,000,000	2	–
HK$3,000,001 – HK$3,500,000	–	1
HK$3,500,001 – HK$4,000,000	–	1
HK$4,000,001 – HK$4,500,000	1	1
HK$4,500,001 – HK$5,000,000	–	–
HK$5,000,001 – HK$5,500,000	1	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

14. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicle HK$'000	Computer equipment HK$'000	Office equipment HK$'000	Furniture HK$'000	Total HK$'000
Cost					
At 1 April 2015	–	94	11	76	181
Additions	–	62	–	25	87
At 31 March 2016	–	156	11	101	268
Additions	200	61	–	44	305
At 31 March 2017	200	217	11	145	573
Accumulated depreciation					
At 1 April 2015	–	71	11	73	155
Charge for the year	–	16	–	1	17
At 31 March 2016	–	87	11	74	172
Charge for the year	61	34	–	12	107
At 31 March 2017	61	121	11	86	279
Carrying amount					
At 31 March 2017	**139**	**96**	**–**	**59**	**294**
At 31 March 2016	–	69	–	27	96

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	2017 HK$'000	2016 HK$'000
Associates	644,123	466,453
Joint venture	–	–
	644,123	466,453

Details of the Group's associates and joint ventures at 31 March 2017 are as follows:

Name of entity	Business structure	Place of incorporation and operation	Particular of interest held	Percentage of interest	Principal activity	Cost HK$'000	Carrying amount HK$'000	Net assets attributable to the Group HK$'000
Associates								
CSOP Asset Management Limited ("CSOP")	Corporate	Hong Kong	60,800,000 (2016: 60,800,000) ordinary shares	24% (note 1) (2016: 24%)	Asset management and investment holding	61,264 (2016: 61,264)	132,188 (2016: 104,682)	132,188 (2016: 104,682)
Guotai Junan Fund Management Limited ("Guotai Junan")	Corporate	Hong Kong	2,990,000 (2016: 2,990,000) ordinary shares	29.9% (note 2) (2016: 29.9%)	Asset management and trading in securities	2,990 (2016: 2,990)	6,255 (2016: 7,039)	6,255 (2016: 7,039)
OPIM Holdings Limited ("OPIMH")	Corporate	British Virgin Islands	3,000 (2016: 3,000) ordinary shares	30% (note 3) (2016: 30%)	Asset management	1,469 (2016: 1,469)	768 (2016: 965)	768 (2016: 965)
Harmony Plus Holdings Limited ("Harmony Plus")	Corporate	British Virgin Islands	280 (2016: 280) ordinary shares	20% (note 4) (2016: 20%)	Investment holding	2,184 (2016: 2,184)	– (2016: 2,096)	– (2016: 2,096)
Miran Capital Management Limited ("MCM")	Corporate	Cayman Islands	– (2016: 29) ordinary shares	– (note 5) (2016: 29%)	Asset management	– (2016: –)	– (2016: –)	– (2016: –)
Treasure Up Ventures Limited ("TUVL")	Corporate	The Republic of Seychelles	50 (2016: 50) ordinary shares	25% (note 6) (2016: 25%)	Investment holding	351,671 (2016: 351,671)	504,912 (2016: 351,671)	504,912 (2016: 351,671)
South South Green Energy Limited ("SSGE")	Corporate	Hong Kong	3 (2016: 3) ordinary shares	30% (2016: 30%)	Dormant	– (2016: –)	– (2016: –)	– (2016: –)
Joint venture								
Shen Jiang L.P.	Limited partnership	Cayman Islands	HK$8 (2016: –) contribution	50% (note 7) (2016: –)	Investment holding	– (2016: –)	– (2016: –)	– (2016: –)
Grand Central Tian Di, L.P. ("Grand Central")	Limited partnership	Cayman Islands	– (2016: –) contribution	– (note 8) (2016: –)	Investment holding	– (2016: –)	– (2016: –)	– (2016: –)

• NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

Note:

1 No dividend has been received from CSOP during the Year.

During the year ended 31 March 2016, CSOP declared dividends and the Company was entitled to a total of HK$83.92 million dividend. HK$45.28 million was received in May 2015 while HK$38.64 million was received in June 2017.

2 Guotai Junan declared interim dividend for its year ended 31 December 2016 and the Company received HK$897,000 interim dividend in May 2017.

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

4 During the Year, in view of tough market conditions, financial difficulties faced by Dance Biopharm and the uncertainties in the commercialization of its medical products faced by Dance Biopharm, the Board determined that the Group's investment in Harmony Plus Holdings Ltd., the proposed exclusive distributor of Dance in Asia, has been impaired. Impairment loss of approximately HK$1,765,000 was recognized in profit or loss in the Group's interim report dated 30 September 2016. The Board reassessed the situation as at 31 March 2017 and determined the project to be fully impaired and a further impairment loss of approximately HK$331,000 was recognized in profit or loss. Total impairment loss of HK$2,096,000 was recognized in the profit or loss for the Year.

5 On 11 June 2015, the Group redeemed all its seed capital in Miran Multi-Strategy Fund as part of its exit strategy on this investment. The Board believe the value of MCM would be largely reduced due to the redemption and decided to write-down the carrying value of MCM to zero. The previous carrying value of approximately HK$1,416,000 was recognized in profit or loss as impairment for the year ended 31 March 2016.

On 1 January 2017, as part of the Group's exit strategy, the 29 ordinary shares of MCM were sold to its major shareholder at a consideration of US$1. A gain on disposal of HK$8 was recognized in profit or loss.

6 In January 2016, the Company, through a subsidiary, Prosper Gain Holdings Limited, entered into an investment agreement with a third party to invest 25% of ordinary share capital TUVL for the purpose of financing TUVL's acquisition of a minority interest in a trust company registered in PRC - Beijing international Trust Co., Ltd. ("BITIC").

Bidding invitations were sent through independent business advisors to potential buyers in December 2016 and January 2017, and the directors of the Group determined that these non-binding offer prices would be independent sources of indicative fair value of the investment. Accordingly, the fair value of OP's interest in TUVL was increased to HK$504.91 million.

As at 31 March 2017, no agreement on disposal of the interest in TUVL or disposal of the underlying interest in BITIC has been made.

7 On 3 January 2017, the Company, through its subsidiary, World Master Global Limited ("World Master"), formed a limited partnership agreement namely Shen Jiang L.P. with a third party, for the purpose of pursuing investment opportunities in China. World Master contributed 50% of funding and acts as the initial limited partner of the partnership.

As at 31 March 2017, the business is still in set up stage.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

Note: (continued)

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

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

During the year ended 31 March 2016, the relevant interim financing was fully repaid to Grand Central by the third party and accordingly Grand Central distributed all of its reserves and returned the capital to its partners in an aggregated sum of HK$580 million. OPFI GP (2) Limited utilized its shares of distributions of HK$290 million for the redemption of the entire issue of 200 million non-voting preference shares. The distribution of HK$66.8 million from the redemption of 197 million preference shares held by the Company was recognized in the profit or loss.

Summarized financial information in respect of the Group's associates (based on the management accounts of the associates) at 31 March 2017 is set out below:

Associates	**CSOP (HK$'000)**	**TUVL (HK$'000)**	**Others (HK$'000)**	**Total (HK$'000)**
At 31 March 2017				
Total current assets	5,257	2,019,651	24,343	2,049,251
Total non-current assets	737,535	–	726	738,261
Total current liabilities	(188,237)	–	(1,590)	(189,827)
Total non-current liabilities	–	–	–	–
Net assets	554,555	2,019,651	23,479	2,597,685
Group's share of investments' net assets	132,188	504,912	7,023	644,123
Year ended 31 March 2017				
Total revenue	317,833	–	1,775	319,608
Total profits for the Year	115,840	638,286	(231)	753,895
Other comprehensive income for the Year	(1,234)	–	–	(1,234)
Total comprehensive income for the Year	114,606	638,286	(231)	752,661
Group's share of investments' profit for the Year	27,802	159,571	(85)	187,288
Group's share of investments' other comprehensive income for the Year	(296)	–	–	(296)

● NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

Summarized financial information in respect of the Group's associates (based on the management accounts of the associates) at 31 March 2016 is set out below:

Associates	CSOP (HK$'000)	TUVL (HK$'000)	Others (HK$'000)	Total (HK$'000)
At 31 March 2016				
Total current assets	702,099	1,406,682	37,256	2,146,037
Total non-current assets	7,196	–	–	7,196
Total current liabilities	(107,897)	–	(15)	(107,912)
Total non-current liabilities	–	–	–	–
Net assets	601,398	1,406,682	37,241	2,045,321
Group's share of investments' net assets	104,682	351,671	10,100	466,453
Year ended 31 March 2016				
Total revenue	398,331	–	8,787	407,118
Total profits for the Year	102,975	–	(2,346)	100,629
Other comprehensive income for the Year	(9,973)	–	–	(9,973)
Total comprehensive income for the Year	93,002	–	(2,346)	90,656
Group's share of investments' profit for the Year	24,714	–	(796)	23,918
Group's share of investments' other comprehensive income for the Year	(2,393)	–	–	(2,393)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017 HK$'000	2016 HK$'000
Listed equity securities, at fair value	8,918	7,662
Unlisted equity securities, at fair value	313,121	185,059
	322,039	192,721

Details of the Group's available-for-sale financial assets at 31 March 2017 and 2016 are as follows:

Listed equity securities

	Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount HK$'000	FV Change during the Year HK$'000	Percentage of total assets of the Group
(a)	Kaisun Energy Group Limited ("Kaisun Energy")	Cayman Islands	19,816,500 (2016: 132,110,000) ordinary shares	3.5% (2016: 3.5%)	136,916 (2016: 133,745)	8,918 (2016: 7,662)	(1,916) (2016: (3,567))	0.29% (2016: 0.29%)

Unlisted equity securities

	Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount # HK$'000	FV Change during the Year HK$'000	Percentage of total assets of the Group
(b)	OPIM/OPIMC	Hong Kong/ Cayman Islands	1,000/100 (2016: 1,000/100) Class A and 2,900/100 (2016: 1,000/100) Class B non-voting preference shares	100% (2016: 100%)	52,123 (2016: 33,123)	42,389 (2016: 22,929)	460 (2016: 4,112)	1.40% (2016: 0.86%)
(c)	Thrive World Limited ("TWL")	British Virgin Islands	10 (2016: 10) ordinary shares	10% (2016: 10%)	232,648 (2016: 232,648)	124,714 (2016: 131,295)	(6,581) (2016: (30,767))	4.11% (2016: 4.94%)
(d)	Jin Dou Development Fund, L.P. ("Jin Dou")	Cayman Islands	US$1,500,000 (2016: US$1,500,000) contribution	1.48% (2016: 1.48%)	11,653 (2016: 11,653)	4,765 (2016: 5,559)	(794) (2016: (736))	0.16% (2016: 0.21%)
(e)	Dance Biopharm Holdings Inc ("Dance Holding")	Delaware, USA	548,531 (2016: 548,531) common shares	3.72% (2016: 3.72%)	17,080 (2016: 17,080)	– (2016: 21,268)	(21,268) (2016: (4,311))	– (2016: 0.80%)

• NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Unlisted equity securities (continued)

	Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount # HK$'000	FV Change during the Year HK$'000	Percentage of total assets of the Group
(f)	OP Vision L.P. ("OP Vision")	Cayman Islands	US$667,000 (2016: US$667,000) contribution	66.7% (2016: 66.7%)	5,183 (2016: 5,183)	1,380 (2016: 4,008)	(2,628) (2016: (1,175))	0.04% (2016: 0.15%)
(g)	Xiaoju Kuaizhi Inc. ("Xiaoju")	Cayman Islands	392,392 (2016: –) preferred shares	<1% (2016: –)	116,445 (2016: –)	116,561 (2016: –)	116 (2016: –)	3.84% (2016: –)
(h)	Tsingdata Holdings L.P. ("Tsingdata")	British Virgin Islands	US$3,000,000 (2016: –) contribution	47.3% (2016 –)	23,272 (2016: –)	23,312 (2016: –)	40 (2016: –)	0.77% (2016: –)

The carrying amounts also represent their fair values.

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

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

(a) The Company through a subsidiary, Profit Raider Investments Limited, holds 132,110,000 ordinary shares issued by Kaisun Energy, a limited company incorporated in the Cayman Islands with its shares listed on the Growth Enterprise Market of the Stock Exchange.

On 1 December 2016, Kaisun Energy announced a rights issue on the basis of one rights issue for every two shares held, at the subscription price of HK$0.048 per right. The Group subscribed for 66,055,000 shares at a consideration of HK$3,170,640. At the same date, Kaisun Energy also announced a share consolidation whereby every 10 existing shares of HK$0.01 each in its share capital will be consolidated into 1 consolidated share of HK$0.1 each. Hence, the total 198,165,000 ordinary shares held by the Group (after the subscription of right shares as above), were consolidated into 19,816,500 shares.

Kaisun Energy is principally engaged in the exploitation and sale of raw coal. No dividend was received during the Year (2016: nil). The latest audited loss attributable to the shareholders of Kaisun Energy for its year ended 31 December 2016 was approximately HK$13,416,000 (year ended 31 December 2015: approximately HK$91,073,000) and the audited net assets attributable to shareholders of Kaisun Energy at 31 December 2016 was approximately HK$287,206,000 (31 December 2015: HK$304,253,000). The fair value of the investment in Kaisun Energy ordinary shares is based on quoted market bid prices at the year-end date.

An impairment loss on the Group's investment in the ordinary shares of Kaisun Energy of HK$2,378,000 was recognized in profit or loss for the Year (2016: HK$3,567,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

(b) The Company through a subsidiary, Suremind Investments Limited, holds 100% of the Class A non-voting preference shares and Class B non-voting preference shares in OPIM and OPIMC. No dividend was declared and received during the Year (2016: Nil).

During the Year, the Group subscribed new 1,900 Class B non-voting preference shares of OPIM at a consideration of HK$19,000,000 for working capital purposes.

The fair value of non-voting preference shares in OPIM and OPIMC at 31 March 2017 was determined by the directors by reference to the valuation carried out by an external independent valuer by using the Discounted Cash Flow Method which is based on the cash flow projections prepared by the management of OPIM derived from the most recent approved financial budgets for the next 5.75 years (2016: 5.75 years). The discount rate used is 14.09% (2016: 13.57%) and cash flows beyond 5.75 year period (2016: 5.75 year) are extrapolated using a growth rate of 3% (2016: 3%).

No impairment loss on the Group's investment in the non-voting preference shares of OPIM and OPIMC was charged to the profit or loss for the Year (2016: Nil).

(c) The Company through a subsidiary, Wisland Investments Limited, holds 10% ordinary shares in TWL. TWL, an investment holding company, holds 50% equity interests in Nobel Holdings Investments Limited ("NHIL"). NHIL is in the business of exploration and production of oil and natural gas in Russia. No dividend was received during the Year (2016: nil). The fair value of the investment in TWL was determined by the directors mainly based on the fair value of the underlying assets held by TWL, determined by reference to the valuation carried out by an external independent valuer by Discounted Cash Flow Method which is based on a technical report issued by an international oil and gas consulting firm appointed by the management of NHIL in respect of the estimated oil reserves for the next 18.75 years (2016: 18.75 years). The discount rate used is 15.77% (2016: 14.94%).

Impairment loss on the Group's investment in TWL of HK$26,667,000 was charged to the profit or loss during the interim period ended 30 September 2016 and no further impairment loss was necessary to be provided for the Year (2016: HK$30,767,000).

(d) The Company through a subsidiary, OPFI (GP1) Limited, contributed US$1,500,000 (2016: US$1,500,000) to Jin Dou, a partnership with an investment partner, for the purpose of exploring agricultural investment opportunities in Kazakhstan. As at 31 March 2017, the Group's share of interest in Jin Dou was 1.48% (2016: 1.48%). Based on the latest 31 December 2016 unaudited management accounts of Jin Dou, the Group shared a loss for the year and net assets of approximately HK$794,000 and HK$4,765,000 respectively (2016: HK$736,000 and HK$5,559,000 respectively). As the project is still in the exploration stage and the future income streams are uncertain, the fair value of the investment was determined by reference to the net asset value as at 31 March 2017.

(e) In May and December 2013, the Company through a subsidiary, River King Investments Limited, a company incorporated in the British Virgin Islands, subscribed for 1,149,000 and 57,142 preference shares issued by Dance at a consideration of HK$15,527,000 and HK$1,553,000 respectively. Dance is a pharmaceutical company incorporated in Delaware, the United States of America.

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

In view of the tough market condition, financial difficulties faced by investee and the uncertainties in the commercialization of its medical products faced by Dance Biopharm, the Board determined that the Group's investment in Dance Holding common shares has been fully impaired. An impairment loss of approximately HK$17,080,000 (2016: nil) was recognized in profit or loss for the Year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

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

Due to the lack of sound investment opportunities identified by the Partnership and the uncertainty on future income stream, the Board determined that the investment in OP Vision L.P. has been impaired. The fair value would be HK$1,380,000, which is the share of net assets of OP Vision L.P. by OP Vision Investments Limited as at 31 March 2017. An impairment loss of approximately HK$3,802,000 (2016: nil), being the accumulated loss of the fund since incorporation, was recognized in profit or loss.

(g) In July 2016, the Company through a subsidiary, Profit Raider Investments Limited, subscribed preferred shares issued by Xiaoju Kuaizhi Inc. at a consideration of US$15 million, or approximately HK$116,445,000. Xiaoju is the owner of the Chinese ride-hailing service provider – Didi Chuxing. We determined the fair value at the most recent transaction value and no impairment indication was noted as at 31 March 2017.

(h) 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$23,272,000, or 47.3% of total contribution, 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. We determined the fair value at the most recent transaction value and no impairment indication was noted as at 31 March 2017.

The total impairment losses of the available-for-sale financial assets for the Year were HK$49,927,000 (2016: HK$34,334,000).

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 HK$'000	2016 HK$'000
Listed equity securities	**5,308**	251,226
Unlisted investment funds/limited partnerships	**18,813**	32,304
Unlisted debt investments	**27,500**	–
Unlisted equity investments	**223,549**	–
	275,170	283,530
Analyzed as:		
Current assets	**35,258**	274,934
Non-current assets	**239,912**	8,596
	275,170	283,530

• NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

The investments in listed equity securities, unlisted investment funds are classified as held for trading; whereas the investments in unlisted investment funds/limited partnerships, unlisted debt investments and unlisted equity investments are designated as financial assets at fair value through profit or loss on initial recognition. As they are managed and their performances are evaluated on a fair value basis in accordance with the Group's risk management and investment strategy, and information about the investment is provided internally on that basis to the Group's key management personnel.

During the Year, net change in unrealized loss of approximately HK$37,175,000 (2016: net change in unrealized gain of approximately HK$17,382,000) arising from changes in fair value of financial assets at fair value through profit or loss was recognized in profit or loss.

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

At 31 March 2017

Equity securities listed on the Stock Exchange

	Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount HK$'000	Unrealized gain/(loss) (note 1) HK$'000	Percentage of total assets of the Group
(a)	Changhong Jiahua Holdings Limited	Bermuda	4,870,000 ordinary shares	0.33%	9,287	5,308	(244)	0.17%
(c)	Phoenix Healthcare Group Co. Ltd.	Cayman Islands	–	–	–	–	(46,594)	–

Unlisted investment funds/limited partnerships

	Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount HK$'000	Unrealized gain/(loss) (note 1) HK$'000	Percentage of total assets of the Group
(d)	Greater China Select Fund	Cayman Islands	19,982 participating shares	N/A	14,456	3,997	(11,284)	0.13%
(d)	Greater China Special Value Fund	Cayman Islands	43,461 participating shares	N/A	29,180	7,953	(474)	0.26%
(d)	Real Estate Opportunity Capital Fund	USA	N/A	N/A	5,778	3,228	(1,082)	0.11%
(d)	Zhong Wei Capital LLP	Cayman Islands	N/A	N/A	3,101	3,635	707	0.12%

• NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

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

At 31 March 2017 (continued)

Unlisted debt investments

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount HK$'000	Unrealized gain/(loss) (note 1) HK$'000	Percentage of total assets of the Group
(f) Commercial note issued by Guardforce Investment Holdings Pty Ltd	N/A	N/A	N/A	497,717	–	–	–
(g) Promissory note issued by Finance Center For South-South Cooperation Limited	N/A	N/A	N/A	9,500	9,500	–	0.31%
(h) Promissory note issued by Hong Kong Credit Corporation Limited	N/A	N/A	N/A	8,000	8,000	–	0.26%
(i) Promissory note issued by Forthwise Limited	N/A	N/A	N/A	10,000	10,000	–	0.33%

Unlisted equity investments

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount HK$'000	Unrealized gain/(loss) (note 1) HK$'000	Percentage of total assets of the Group
(j) Exchangeable bond issued by Guardforce Holdings (HK) Limited	N/A	N/A	N/A	116,370	137,764	21,394	4.54%
(k) Sinagri Yingtai AMP Limited	China	RMB20,000,000 registered capital	14.55%	85,383	85,785	402	2.83%

The carrying amounts also represent their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

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

At 31 March 2016

Equity securities listed on the Stock Exchange

Name of investee	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK$'000	Carrying amount HK$'000	Unrealized gain/(loss) (note 1) HK$'000	Percentage of total assets of the Group
(a) Changhong Jiahua Holdings Limited	Bermuda	4,870,000 ordinary shares	0.33%	9,287	5,552	(3,506)	0.21%
(b) Technovator International Limited	Singapore	–	–	–	–	(1,555)	–
(c) Phoenix Healthcare Group Co. Ltd.	Cayman Islands	28,600,000 ordinary shares	3.43%	199,079	245,674	46,595	9.25%

Unlisted investment funds/limited partnerships

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

Unlisted debt investments

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

The carrying amounts also represent their fair values.

Notes

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

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

(a) Changhong is principally engaged in the trading of consumer electronic products and IT consumer and corporate products distribution. Changhong did not declare dividend during the Year (2016: HK$195,000). The audited profit attributable to shareholders of Changhong for its year ended 31 December 2016 was approximately HK$232,771,000 (31 December 2015: profit of HK$131,749,000) and the audited net assets attributable to shareholders of Changhong at 31 December 2016 was approximately HK$1,357,185,000 (31 December 2015: HK$1,274,221,000). The fair value of the investment in Changhong is based on quoted market price.

(b) The Group has disposed all 2,392,164 shares of Technovator International Limited during the year ended 31 March 2016.

(c) The Group invested HK$199,079,000 for 28,600,000 shares, or 3.43% interest in Phoenix Healthcare Group Co. Ltd. ("Phoenix Healthcare", stock code: 1515) as its listed portfolio company in the first quarter of 2016. Phoenix Healthcare is the largest private hospital group in China in terms of number of beds under operation.

The Group has disposed of all 28,600,000 shares of Phoenix Healthcare for a total consideration of HK$324,820,000 during the Year. A realized gain of HK$125,741,000 was recognised in the profit or loss.

(d) Greater China Select Fund, Greater China Special Value Fund and Miran Multi-Strategy Fund are open-ended investment funds which primary objectives are to provide absolute returns through pursuing different strategies, investing primarily in liquid equities and derivative instruments. Miran Multi-Strategy Fund was fully redeemed in June 2015.

Real Estate Opportunity Capital Fund is a close-ended investment limited partnership invested by the Group, which primary objective is to seek significant, long-term capital appreciation from the purchase of U.S. real property and asset-backed loans at distressed prices. During the Year, dividend of HK$765,000 was received (2016: HK$4,298,000).

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

(d) (continued)

Interest in unconsolidated structured entities

The Directors assessed that the Group does not have control in these unlisted investment funds and limited partnership as described in note 3(a)(vi) and considered that they are unconsolidated structured entities. The maximum exposure to loss from the Group's interest in these unlisted investment funds and limited partnership as at 31 March 2017 and 31 March 2016 are the same as their fair values at the same date. The change in fair value of these unlisted investment funds and limited partnership is included in profit or loss in "net change in unrealized gain/loss on financial assets at fair value through profit or loss".

During the Year, the Group did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

The table below shows the total net asset value of the investment funds and limited partnerships that the Group held as at 31 March 2017:

Investment fund/limited partnership	Total net asset value	
	2017	2016
	HK$'000	HK$'000
Greater China Select Fund	**3,997**	15,281
Greater China Special Value Fund	**7,953**	8,427
Real Estate Opportunity Capital Fund	**16,878**	71,916
Zhong Wei Capital L.P	**319,235**	225,553

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

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

The bond matured on 31 March 2014 and the Directors has revalued it to zero since 31 March 2014. The Directors reassessed the position as at 31 March 2017 and determined the value to remain at zero.

(f) On 16 June 2016, the Group through a subsidiary, Profit Raider Investments Limited, subscribed US$64,176,000, or approximately HK$497,717,000 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 carried 6.5% annual interest with maturity on 15 December 2016. Upon the borrower's request, the maturity of the commercial note has been extended 3 months to 16 March 2017, carrying the same interest rate and other terms and conditions. The note was settled on 15 March 2017.

• NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

(g) On 22 June 2016, the Company subscribed for 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. The accrued interest will be paid annually on each 22 June in arrears.

(h) On 6 February 2017, the Company subscribed for HK$8,000,000 promissory note issued by Hong Kong Credit Corporation Limited ("HKCC"), a subsidiary of Hong Kong listed company – Convoy Global Holdings Limited ("Convoy", Stock Code: 1019). The note carries 7% annual interest with maturity on 5 May 2017. The principle and interest were settled in June 2017.

(i) On 3 March 2017, the Company subscribed for HK$10,000,000 promissory note ("Forthwise Note") issued by Forthwise Limited ("Forthwise"). The note carries 7% annual interest with maturity on 2 September 2017.

To hedge the default risk of the Forthwise Note, the Company has purchased a put option from an independent finance company under which the Company has the right to sell the Forthwise Note to such finance company at HK$10 million on or before 1 October 2017. The fair value of the put option is considered as minimal.

(j) On 29 April 2016, the Group through a subsidiary, Profit Raider Investments Limited, subscribed US$15,000,000, or approximately HK$116,370,000 exchangeable bond issued by Guardforce Holdings (HK) Ltd, a company controlled by Mr. Tu Guoshen, the controlling shareholder of China S&F. In two years term, the bond is, at the Group's discretion, 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. If the Group determine not to exercise the exchange rights on the maturity date, i.e. 29 April 2018, the bond will be redeemed by the issuer at principle plus an internal rate of return of 20%.

The Group assessed the latest audited financial statement of Guardforce Cash Solutions (Thailand) Ltd as at its year ended 31 December 2016. Since the estimated value of the underlying exchangeable security would be lower than the total amount of principle and the expected return, the fair value of the exchange option is minimal.

(k) On 10 March 2017, the Company through a subsidiary, OP New Health Limited, subscribed for 14.55% registered capital of Sinagri Yingtai AMP Limited (林州中農穎泰生物肽有限公司, "Sinagri Yingtai"). Sinagri Yingtai is a Chinese high-tech biotechnology company focusing on research, development, production and distribution of antimicrobial peptides, or AMPs. It is the leading company denominating the production procedure of 99.6% pure AMPs in the industry.

Pursuant to the subscription agreement, the Group committed to a total RMB76 million, or approximately HK$85,785,000 equivalent, investment amount to Sinagri Yingtai. As at 31 March 2017, the Group paid RMB20 million investment amount. The unpaid amount of RMB56 million was recognized in "accounts payable". For details, please refer to note 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

18. ACCOUNTS AND LOANS RECEIVABLE

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

	2017 HK$'000	2016 HK$'000
Unbilled	3,886	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.

19. ACCOUNTS AND OTHER PAYABLES

	2017 HK$'000	2016 HK$'000
Consideration payable	63,210	–
Other payables	30,550	4,691

Consideration payable represents the RMB56 million, equivalent to HK$63.21 million, consideration payable of the investment in Sinagri Yingtai AMP Limited. The timing of actual payment depends on certain conditions including completion of some administrative tasks and successfully obtain drug license approval from Ministry of Agriculture of Mainland China.

Other payables mainly consists of consultancy fee of HK$25 million payable to the major shareholder of TUVL according to the investment agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

20. DEFERRED TAX

At 31 March 2017, deferred tax has not been recognized in respect of the following items:

	2017 HK$'000	2016 HK$'000
Unused tax losses	**46,029**	44,086
Deductible/(taxable) temporary differences	**3,837**	(42,865)
	49,866	1,221
Deferred tax assets not recognized	**8,228**	201

At 31 March 2017, the Group has not recognized a deferred tax asset in respect of unused tax losses of approximately HK$46,029,000 (2016: approximately HK$44,086,000) due to the unpredictability of future profit streams. These balances will not expire until utilized.

At 31 March 2017, the Group has not recognized deferred tax assets in respect of net unrealized losses on listed securities, net of the excess of tax depreciation over accounting depreciation of approximately HK$3,837,000 (2016: deferred tax liability in respect of net unrealized gain on listed securities and excess of tax depreciation over accounting depreciation of approximately HK$42,865,000).

21. SHARE CAPITAL

	Number of shares			
	2017 Thousand shares	2016 Thousand shares	**2017 HK$'000**	2016 HK$'000
Authorized				
Ordinary shares of HK$0.10 each At 1 April	**4,000,000**	2,000,000	**400,000**	200,000
Increase in authorized share capital (note a)	**–**	2,000,000	**–**	200,000
At 31 March	**4,000,000**	4,000,000	**400,000**	400,000
Issued and fully paid:				
At 1 April	**1,841,396**	941,396	**184,140**	94,140
Placement of shares (note b)	**56,000**	900,000	**5,600**	90,000
At 31 March	**1,897,396**	1,841,396	**189,740**	184,140

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

21. SHARE CAPITAL (continued)

Note:

(a) For the future expansion and growth of the Group, the directors of the Company proposed to increase the authorized share capital of the Company from HK$200,000,000 divided into 2,000,000,000 shares to HK$400,000,000 divided into 4,000,000,000 shares by the creation of additional 2,000,000,000 new shares at par value of HK$0.1 each. Such increase was passed by an ordinary resolution of the shareholders at the extraordinary general meeting of the Company held on 16 July 2015.

(b) On 1 June 2015, the Company entered into a placing agreement with the placing agent pursuant to which the placing agent agreed to place up to 900,000,000 new shares to not less than six 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 that period rank pari passu with the then existing shares in all aspects.

On 12 December 2016, the Company entered into a placing agreement with the placing agent pursuant to which the placing agent agreed to place up to 56,000,000 new shares to not less than six places at a price of HK$1.95 per share. The net proceeds from the placing, net of professional fees and out-of-pocket expenses, will be used as the general working capital of the Company and for future investment pursuant to the investment objectives of the Company. The placing shares was issued under the general mandate to allot, issue and deal with shares granted to directors by resolution of the shareholders passed at the Annual General Meeting held on 31 August 2016 and was completed on 12 January 2017. All the new ordinary shares issued during the current period rank pari passu with the then existing shares in all aspects.

Capital Management

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

The Group manages its capital structure and makes adjustments to it, in light of change in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the Years ended 31 March 2017 and 2016. Neither the Company nor its subsidiaries is subject to externally imposed requirements.

22. SHARE OPTION SCHEME

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

An option may be accepted by a participant within 21 days from the date of the offer for grant of the option. An option may be exercised in accordance with the terms of the share option scheme at any time not later than 10 years from the date on which the offer for grant of the option is made. Subject to the terms of the share options determined by the Board, the participant may have to meet certain vesting conditions before becoming unconditionally entitled to the share options. For the share options that existed during the years ended 31 March 2017 and 2016, 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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

22. SHARE OPTION SCHEME (continued)

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

Grantee	Date of grant	Outstanding at beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at end of the Year	Exercise price HK$	Exercise period
Director	20.5.2016	–	1,750,000	–	–	1,750,000	1.65	20.5.2017 to 19.5.2021
Director	20.5.2016	–	1,750,000	–	–	1,750,000	1.65	20.5.2018 to 19.5.2021
Director	20.5.2016	–	1,750,000	–	–	1,750,000	1.65	20.5.2019 to 19.5.2021
Director	20.5.2016	–	1,750,000	–	–	1,750,000	1.65	20.5.2020 to 19.5.2021
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	–	5,000,000	–	–	5,000,000	1.65	20.5.2017 to 19.5.2021
Employees	20.5.2016	–	5,000,000	–	–	5,000,000	1.65	20.5.2018 to 19.5.2021
Employees	20.5.2016	–	5,000,000	–	–	5,000,000	1.65	20.5.2019 to 19.5.2021
Employees	20.5.2016	–	5,000,000	–	–	5,000,000	1.65	20.5.2020 to 19.5.2021
Consultants	20.5.2016	–	1,500,000	–	–	1,500,000	1.65	20.5.2017 to 19.5.2021
Consultants	20.5.2016	–	1,500,000	–	–	1,500,000	1.65	20.5.2018 to 19.5.2021
Consultants	20.5.2016	–	1,500,000	–	–	1,500,000	1.65	20.5.2019 to 19.5.2021
Consultants	20.5.2016	–	1,500,000	–	–	1,500,000	1.65	20.5.2020 to 19.5.2021
		–	51,000,000	–	–	51,000,000		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

22. SHARE OPTION SCHEME (continued)

Movement of the Company's share options during the year ended 31 March 2016:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

22. SHARE OPTION SCHEME (continued)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

22. SHARE OPTION SCHEME (continued)

Notes:

(a) The closing prices of the ordinary shares of the Company immediately before the date on option grant date were HK$1.62 and HK$1.45 on 22 May 2015 and 20 May 2016 respectively.

(b) On 29 February 2016, under mutual consent with the option holders, the Board canceled 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.

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 canceled 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.

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

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

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

Theoretical aggregate value:	HK$32,822,000
Fair value recognized in profit or loss during the year:	HK$ nil (2016: HK$14,842,000)
Risk free interest rate:	1.079%
Expected volatility:	62.58%
Expected life of the options:	5 years from the date of grant
Expected dividend yield:	4.58%

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

Theoretical aggregate value:	HK$32,822,000
Fair value recognized in profit or loss during the Year:	HK$10,061,000 (2016: HK$ nil)
Risk free interest rate:	1.079%
Expected volatility:	62.58%
Expected life of the options:	5 years from the date of grant
Expected dividend yield:	4.58%

The measurement dates of the share options were 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.

(d) During the year ended 31 March 2016, certain vested share options have been lapsed and a total of HK$11,427,000 has been transferred to retained profits.

• NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

23. 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).

24. ISSUE OF UNLISTED WARRANTS

On 13 January 2017, the Company entered into a consultancy agreement ("Consultancy Agreement") with Magopt Ltd (the "Consultant"), a limited company incorporated in the British Virgin Islands. Pursuant to the Consultancy Agreement (as supplemented by a supplemental agreement dated 13 March 2017), in consideration of and in exchange for the services to be provided by the Consultant, the Company has conditionally agreed to issue to the Consultant a total of 202,553,560 warrants ("Warrants") at zero issue price, carrying the right to subscribe for an aggregate of 202,553,560 shares of the Company at a subscription price of HK$2.20 per share. The Warrants will rank pari passu in all respects among themselves.

Pursuant to the consultancy agreement, the Consultant will assist the Company in acquiring and capturing investment opportunities ("Target Investments"), in the negotiation for achieving better investment terms and gains on the Target Investments.

The Consultant may exercise the subscription rights attaching to the Warrants from the date of issue of the Warrants to the date falling on the 5th anniversary of the date of issue of the Warrants ("Exercise Period"). The exercising of the subscription rights attaching to the Warrants is conditional and subject to the performance results of the consultant's services, details as below:

(a) 20% of the total Warrants may be exercised if the internal rate of return for the Target Investments for that financial year shall be not less than 38%, and the return on investment of the Target Investments for that financial year shall be not less than RMB200 million, or HK$226 million equivalent;

(b) all outstanding Warrants may be exercised by the Consultant during the Exercise Period if the aggregate return on investment of the Target Investments during the exercise period has reached RMB1,000 million, or HK$1,130 million equivalent;

(c) all outstanding Warrants will be nullified and ceased to have effect if the Company fails to achieve and complete any Target Investment with the Consultant's assistance before 31 March 2018, or on the expiry of the Exercise Period.

Assuming the full exercise of the subscription rights attaching to the Warrants at the subscription price, it is expected that an additional gross amount of HK$446 million will be raised. The net proceeds (after deduction of all related expenses) will be used as the general working capital of the Company and for future investment pursuant to the investment objectives of the Company.

The Consultancy Agreement was approved by the shareholders of the Company in an extraordinary general meeting of the Company held on 30 March 2017.

The fair value of the Warrants is determined by the Directors by reference to the valuation calculated by the share option Binomial Model, which best represents the value of the consultation service received.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

25. MAJOR NON-CASH TRANSACTIONS

Issue of unlisted warrants

For detail of this non-cash transaction, please refer to note 24.

Restructuring of OPIM and OPIMC

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

Restructuring of Dance Biopharm

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

26. COMMITMENTS

(a) Capital commitments

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

		Group	
	Note	**2017 HK$'000**	2016 HK$'000
Capital contribution to Jin Dou	i	**104,905**	104,686
Capital contribution to Zhong Wei Capital L.P.	ii	**12,433**	12,407
Capital contribution to OP Fine Billion L.P.	iii	**5,000**	5,000

Note:

(i) According to the "Supplementary to Limited Partnership Agreement" signed between the Group and the limited partner of Jin Dou during the year ended 31 March 2012, the Group has committed to a further capital contribution of US$13.5 million (equivalent to HK$104,800,000) to Jin Dou. The calling of the further capital contribution lies upon the future funding needs of Jin Dou.

(ii) According to the "Second Amended and Restated Limited Partnership Agreement" signed by Profit Raider, a whollyowned subsidiary of the Group on 18 September 2015, the Group has committed to a capital contribution of US$2 million (equivalent to approximately HK$15.5 million). Contributions will be made when capital call is issued by the general partner of the limited partnership. As at 31 March 2017, US$400,000 (2016: US$400,000) was contributed.

(iii) According to the "Exempted Limited Partnership Agreement" signed between OPFI GP(2) Limited, as the general partner, and the limited partner on 24 November 2015, the Group has committed to a capital contribution of HK$5 million. The capital will be drawn down on an as-needed basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

26. COMMITMENTS (continued)

(b) Operating lease commitments

At 31 March 2017 and 31 March 2016, the total future minimum lease payments under non-cancellable operating leases for office premises and staff quarters were payable as follows:

	Group	
	2017	2016
	HK$'000	HK$'000
Within one year	**–**	4,388
In the second to fifth years inclusive	**–**	660
	–	5,048

The operating lease for office premises expired on 31 March 2017. It was renewed at an extraordinary general meeting held on 26 May 2017 and the effective date starts from 1 April 2017. The total commitment fee would be HK$27,247,000. For details please refer to note 32.

The operating lease for staff quarters was terminated during the Year.

27. RELATED PARTY TRANSACTIONS

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

Transactions and balances with related parties

Name of related party	**Nature of transactions**	**2017 HK$'000**	2016 HK$'000
Oriental Patron Asia Limited ("OPAL") (note a)	Investment management fee paid/ payable (of which approximately HK$3,586,000 (2016: approximately HK$3,394,000) was included in other payables) (note a)	**41,158**	33,402
	Advisory fee paid (note a)	**100**	350
Oriental Patron Management Services Limited ("OPMSL") (note b)	Rental paid (note b)	**6,654**	4,360
Oriental Patron Securities Limited ("OPSL") (note c)	Placing commission (note c)	**2,184**	27,000
	Securities brokerage fee (note c)	**812**	540
Finance Center for South-South Cooperation Limited ("FCSSCL") (note d)	Subscription of promissory note (note d)	**9,500**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

27. RELATED PARTY TRANSACTIONS (continued)

Transactions and balances with related parties (continued)

Notes:

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

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

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

(b) The Company, through a wholly-owned subsidiary, entered into a license agreement with OPMSL on 31 March 2011 in respect of the provision of the principal place of business of the Company. The agreement was renewed at HK$458,458 per month for the period from 1 April 2016 to 30 November 2016, and further renewed on 1 December 2016 at HK$746,535 for the period from 1 December 2016 to 31 March 2017. Its further renewal for the period after 31 March 2017 was approved by the shareholders at extraordinary general meeting held on 26 May 2017. For details, please refer to note 32.

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

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

Placing commission was charged in accordance with the placing agreement signed with OPSL for placing agency services. It was charged at 2% of the aggregate placing consideration.

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

(d) FCSSCL is a related party as one of the directors, Mr. ZHANG Zhi Ping owns 50% interest in FCSSCL. For details, please refer to note 17.

Please refer to note 18 for other related party balances and transactions.

Compensation of key management personnel

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

28. RETIREMENT BENEFITS SCHEME

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

During the Year, the Group's contributions charged to profit or loss amounted to approximately HK$389,000 (2016: approximately HK$310,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

29. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	2017 HK$'000	2016 HK$'000
Non-current assets		
Property, plant and equipment	–	–
Investments in subsidiaries	<1	<1
Amounts due from subsidiaries	858,138	563,642
Investments accounted for using equity method	61,264	61,264
Financial assets at fair value through profit or loss	9,500	–
	928,902	624,906
Current assets		
Financial assets at fair value through profit or loss	23,308	251,226
Accounts and loans receivable	42	–
Interest receivables	2,543	804
Prepayments and other receivables	622	39,149
Bank and cash balances	1,746,025	1,658,491
	1,772,540	1,949,670
TOTAL ASSETS	2,701,442	2,574,576
Capital and reserves		
Share capital	189,740	184,140
Reserves	2,493,665	2,386,075
TOTAL EQUITY	2,683,405	2,570,215
Current liabilities		
Other payables	4,827	4,361
Tax payables	13,210	–
TOTAL LIABILITIES	18,037	4,361
TOTAL EQUITY AND LIABILITIES	2,701,442	2,574,576
NET ASSETS	2,683,405	2,570,215

Approved by the Board of Directors on 26 June 2017

ZHANG Zhi Ping
Director

ZHANG Gaobo
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

29. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

Reserve movement of the Company

	Share premium HK$'000	Share-based payment reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 April 2015	965,680	17,221	(19,350)	963,551
Vesting of share options	–	14,842	–	14,842
Share options forfeited	–	(11,427)	11,427	–
Unvested share options lapsed	–	(5,889)	–	(5,889)
Placement of shares	1,232,880	–	–	1,232,880
Total comprehensive income for the Year	–	–	180,691	180,691
At 31 March 2016 and 1 April 2016	2,198,560	14,747	172,768	2,386,075
Vesting of share options	–	10,061	–	10,061
Placement of shares	101,411	–	–	101,411
Dividend paid	–	–	(46,035)	(46,035)
Total comprehensive income for the Year	–	–	42,153	42,153
At 31 March 2017	**2,299,971**	**24,808**	**168,886**	**2,493,665**

The Board recommend the payment of a final dividend of HK 4 cents per share for the Year to the shareholders whose names are registered 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.

The Board recommended the payment of a final dividend of HK 2.5 cents per ordinary share for the year ended 31 March 2016.

The Company's reserves available for distribution comprise share premium, share-based payment reserve and retained earnings. In the opinion of the directors, the Company's reserves available for distribution to the shareholders at 31 March 2017 were approximately HK$2,493,665,000 (2016: HK$2,386,075,000).

(i) Share premium account

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

Please refer to note 21 for the details of the Placement during the Year and the year ended 31 March 2016.

(ii) Share-based payment reserve

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

29. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (continued)

Reserve movement of the Company (continued)

(iii) Investment revaluation reserve

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

30. INVESTMENTS IN SUBSIDIARIES

Details of the principal subsidiaries at 31 March 2017 are as follows:

Name of subsidiary	Place of incorporation and operation	Issued and paid up capital	Effective interest held	Principal activity
Golden Investor Investments Limited	British Virgin Islands	US$2	100%	Investment holding
OP Capital Investments Limited	Hong Kong	HK$1	100%	Investment holding
OPFI (GP1) Limited	Cayman Islands	US$1	100%	Investment holding
OPFI GP(2) Limited	Cayman Islands	HK$0.1	100%	Investment holding
OP Investment Service Limited	Hong Kong	HK$1	100%	Management service
Panlink Investments Limited	British Virgin Islands	US$1	100%	Dormant
Profit Raider Investments Limited	British Virgin Islands	US$1	100%	Investment holding
Prosper Gain Holdings Limited	British Virgin Islands	US$1	100%	Investment holding
River King Investments Limited	British Virgin Islands	US$1	100%	Investment holding
Shen Jiang Holdings Limited	Hong Kong	HK$100	100%	Investment holding
Suremind Investments Limited	British Virgin Islands	US$1	100%	Investment holding
Apex Ridge Limited	British Virgin Islands	US$1	100%*	Investment holding
Keynew Investments Limited	British Virgin Islands	US$1	100%*	Investment holding
OP New Health Limited	Hong Kong	HK$1	100%*	Investment holding
OP New Life Limited	Hong Kong	HK$1	100%*	Investment holding
OP Vision Investments Limited	British Virgin Islands	US$30	100%*	Investment holding
Peak Achiever Holdings Limited	British Virgin Islands	US$1	100%*	Dormant
South South Green Energy Investments Limited	Hong Kong	HK$1	100%*	Dormant
Wisland Investments Limited	British Virgin Islands	US$1	100%*	Investment holding
World Master Global Limited	British Virgin Islands	US$1	100%*	Dormant
上海赫奇企業管理咨詢有限公司	China	US$30,000,000#	100%*	Dormant

* Shares held indirectly by the Company

\# Capital registered but not paid up

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

30. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the principal subsidiaries at 31 March 2016 are as follows:

Name of subsidiary	Place of incorporation and operation	Issued and paid up capital	Effective interest held	Principal activity
Golden Investor Investments Limited	British Virgin Islands	US$2	100%	Investment holding
OP Capital Investments Limited	Hong Kong	HK$1	100%	Investment holding
OPFI (GP1) Limited	Cayman Islands	US$1	100%	Investment holding
OPFI GP(2) Limited	Cayman Islands	HK$0.1	100%	Investment holding
OP Investment Service Limited	Hong Kong	HK$1	100%	Management service
Panlink Investments Limited	British Virgin Islands	US$1	100%	Dormant
Profit Raider Investments Limited	British Virgin Islands	US$1	100%	Investment holding
Prosper Gain Holdings Limited	British Virgin Islands	US$1	100%	Investment holding
River King Investments Limited	British Virgin Islands	US$1	100%	Investment holding
Suremind Investments Limited	British Virgin Islands	US$1	100%	Investment holding
Apex Ridge Limited	British Virgin Islands	US$1	100%*	Investment holding
Keynew Investments Limited	British Virgin Islands	US$1	100%*	Investment holding
OP Vision Investments Limited (previously named as OP Golden Valley Investments Limited)	British Virgin Islands	US$30	100%*	Investment holding
Peak Achiever Holdings Limited	British Virgin Islands	US$1	100%*	Dormant
Wisland Investments Limited	British Virgin Islands	US$1	100%*	Investment holding

* Shares held indirectly by the Company

• NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

31. COMPARATIVE FIGURES

Certain reclassifications have been made to prior year's financial statements to enhance comparability with current year's financial statements and to conform to the current year's presentation. As a result, certain line items under "cash flows from operating activities" were reclassified to "cash flows from investing activities" in the consolidated statement of cash flows.

32. EVENTS AFTER THE REPORTING PERIOD

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.

33. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board on 26 June 2017.

FINANCIAL SUMMARY

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

	Year ended 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**101,607**	29,492	31,805	30,488	29,591
Profit before tax	**201,270**	44,137	1,763	61,968	12,812
Taxation	**(13,210)**	20	(4,714)	(14,748)	–
Profit for the year	**188,060**	44,157	(2,951)	47,220	12,812
Other comprehensive income	**17,060**	(4,503)	(10,898)	6,440	(184,574)
Total comprehensive income	**205,120**	39,654	(13,849)	53,660	(171,762)

	At 31 March				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**3,036,148**	2,657,712	1,292,577	1,353,222	1,278,013
Total liabilities	**(121,648)**	(19,369)	(25,721)	(26,603)	(4,352)
Net assets	**2,914,500**	2,638,343	1,266,856	1,326,619	1,273,661