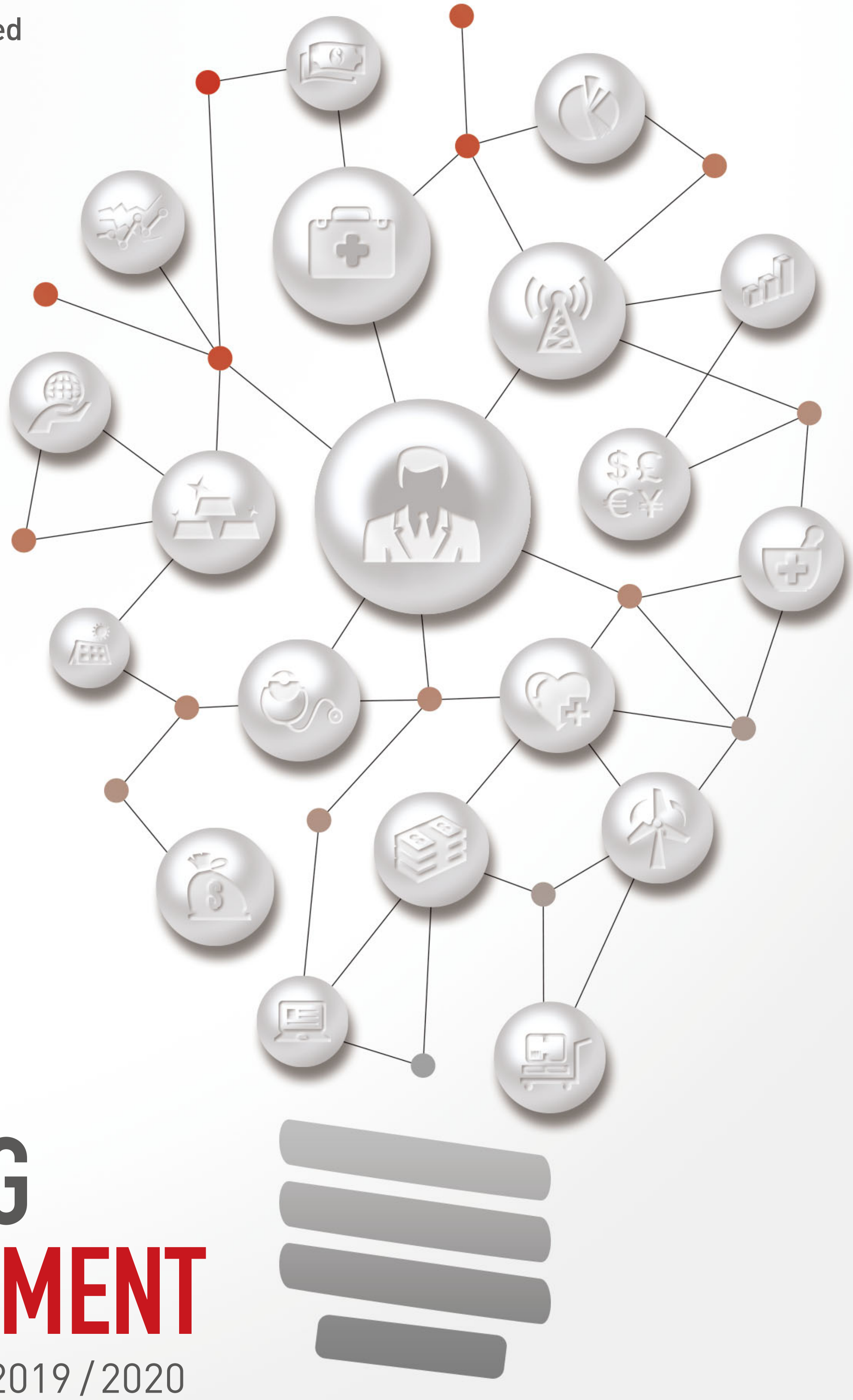
東英 ORIENTAL PATRON

OP Financial Limited
Stock Code: 1140



BRIDGING ENABLEMENT

Annual Report 2019 / 2020

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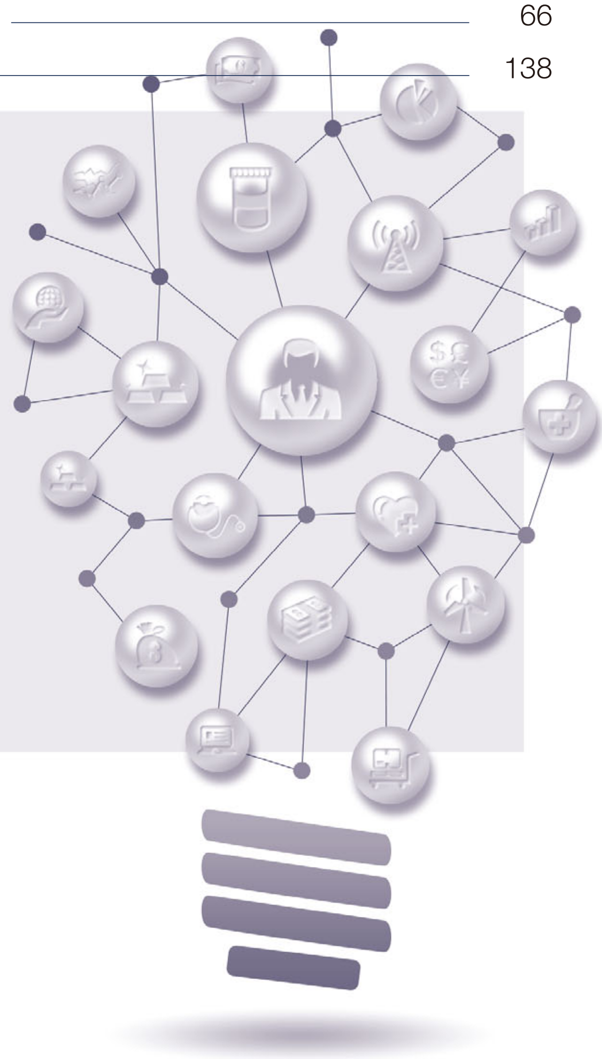
FORWARD-LOOKING STATEMENTS

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



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. ZHANG Zhi Ping *(Honorary Chairman)*
Mr. ZHANG Gaobo *(Chairman)*
Dr. LIU Zhiwei *(CEO)*
Mr. ZHANG Weidong *(resigned on 10 February 2020)*

Non-executive Director

Dr. WU Zhong *(Deputy Chairman)*

Independent Non-executive Directors

Prof. HE Jia
Mr. WANG Xiaojun
Mr. CHEN Yuming (re-designated from Non-executive Director on 15 July 2019)
Dr. FU Weigang (re-designated from Non-executive Director on 15 July 2019)
Mr. KWONG Che Keung, Gordon (retired on 27 August 2019)

AUDIT COMMITTEE

Mr. CHEN Yuming *(Chairman)* (appointed as Chairman on 23 October 2019)
Mr. KWONG Che Keung, Gordon *(Chairman)* (retired on 27 August 2019)
Prof. HE Jia
Mr. WANG Xiaojun

REMUNERATION COMMITTEE

Mr. WANG Xiaojun *(Chairman)*
Prof. HE Jia
Mr. CHEN Yuming (appointed on 23 October 2019)
Mr. KWONG Che Keung, Gordon (retired on 27 August 2019)

NOMINATION COMMITTEE

Mr. ZHANG Gaobo *(Chairman)*
Prof. HE Jia
Mr. WANG Xiaojun
Mr. CHEN Yuming (appointed on 23 October 2019)
Mr. KWONG Che Keung, Gordon (retired on 27 August 2019)

CORPORATE GOVERNANCE COMMITTEE

Prof. HE Jia *(Chairman)*
Mr. ZHANG Zhi Ping
Mr. ZHANG Gaobo
Mr. WANG Xiaojun
Mr. CHEN Yuming (appointed on 23 October 2019)
Mr. KWONG Che Keung, Gordon (retired on 27 August 2019)

AUTHORIZED REPRESENTATIVES

Mr. ZHANG Gaobo
Mr. ZHOU Tao, David

COMPANY SECRETARY

Mr. ZHOU Tao, David

INVESTOR RELATIONS CONTACT DETAILS

Ms. ZHANG Qian, Shirley
Tel: (852) 2842 9688
Fax: (852) 2842 9666
Email: ir@oriental-patron.com.hk

INVESTMENT MANAGER

Oriental Patron Asia Limited

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL REGISTRAR

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

BRANCH REGISTRAR

Tricor Abacus Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

P.O. Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

41/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

PRINCIPAL BANKER

China CITIC Bank International Limited
China Construction Bank Corporation Hong Kong Branch
China Minsheng Banking Corporation Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Luso International Banking Limited
Shanghai Pudong Development Bank Hong Kong Branch
Nanyang Commercial Bank, Limited

STOCK CODE

The Stock Exchange of Hong Kong Limited
Code: 1140

WEBSITE

www.opfin.com.hk

CHAIRMAN'S STATEMENT

BRIDGING VALUE ACROSS SECTORS AND EMPOWERING INDUSTRIES WITH CAPITAL

Dear Shareholders,

The financial year of 2019/2020 is the most challenging year for the Company. The rapid deterioration of the external environment, US-China trade war, social unrest in Hong Kong, and the COVID-19 pandemic have come one after another, which severely disrupted our investment plans. Some enterprises in our investment portfolio experienced difficulties in operation, which reduced the value of our equity investment and increased the recovery risk of certain fixed income products. Therefore, the operation results for the year were disappointing. For the year ended 31 March 2020, the revenue of the Company amounted to approximately HK$182 million as compared to HK$228 million last year; total comprehensive income recorded a turnaround from the profit of HK$256 million to the loss of HK$1,372 million. As of 31 March 2020, the net asset value amounted to HK$4,114 million.

Facing the uncertain external environment, we will continue to focus on those relatively certain areas.

The basic pattern of China's sustained economic growth remains unchanged. The pandemic may have led to some changes to globalization, but the fundamental trend of globalization will not be altered. Some of the great powers may put concern on the supply security of core products and household necessities, resulting in certain adjustments to the global supply chain. The irreplaceable strength of the manufacturing industry in China, however, provides high resilience to China as the core of the global industrial chain against any adjustments and changes, which supports the sustained economic development in China. The COVID-19 pandemic has led to economic stagnation, but the measures to stimulate economy launched against the slowdown will accelerate the rapid landing of new infrastructure such as 5G, big data and AI, laying a solid foundation for China's industrial upgrading and business innovation. The tremendous domestic market continues to provide momentum to drive the growth of China's economy in the long run.

Regardless of any changes on the external environment, there is enormous potential in the industries such as the digital healthcare industry, new industries benefiting from the growth of domestic demand and environmental protection industry, among which there are bound to be a group of star enterprises with great investment value.

We will continue to optimize the portfolio of the Group through disposal of non-core projects in succession to increase the liquidity of the Company, and to concentrate its resources on the core holding projects and arbitrage projects with better liquidity.

Holding on well at the current situation and looking forward, OP Financial will take advantage of the platform of a listed company and its long-term capital. Leveraging strong cross-border collaboration and integration capabilities accumulated over the years in Hong Kong, we will continue to support and empower the long-term core holding companies, and establish a variety of private equity and venture capital funds to invest in the industrial ecosystem of our core holding companies, so as to promote their long-term development across economic cycles and capture mid-term and short-term investment opportunities for ourselves and achieve the inherent synergies of investment strategies, which in turn creates diversified returns for the shareholders.

Despite the unknowns and uncertainties at present, we believe that the crisis will further strengthen our foundations and lay a solid base for the coming strong recovery. I would like to take this opportunity to express my sincere gratitude to our employees and management for their full commitment and dedication, as well as our shareholders for their continued strong support to OP Financial.

ZHANG Gaobo
Chairman
30 June 2020, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

OP FINANCIAL OVERVIEW

OP Financial is a cross-border investor with a focus on China's fast-growing industries and the best investment opportunities. We believe that a long-term investment perspective is a critical enabler of value creation. The integration of industry, technology and financial capital has become an irresistible trend, which is propelling new industrial revolutions. Our mission is to identify great companies and enhance their performance through providing patient capital and strong support to excellent management teams.

We leverage our capital strength to invest in targeted companies. Our investment strategy covers long-term core holding, mid-term private equity and venture capital, and short-term arbitrage opportunities, with returns generated from interests, dividends and capital appreciation.

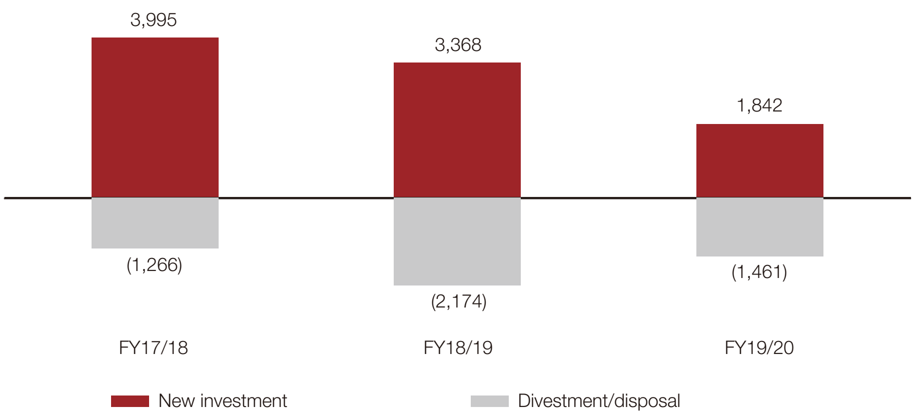
INVESTMENT REVIEW

Investment Activities

During the Year, we continued to carry out our investment strategy and endeavored to identify market leaders or potential leaders of China's fast-growing industries as our long-term core holding target. However, the global macro economy and capital markets were extremely uncertain and volatile during the Year due to the US-China trade war and the unprecedented coronavirus pandemic, and as a result, we exercised extra prudence on new equity investments and strove for the maximum value of our capital and the financing capability as a public company.

Our investment and divestment decisions are made based on comprehensive considerations and assessments of return, risk and opportunity cost. On a cash flow basis, we invested HK$1,842.12 million during the Year, mainly through private equity, debt instruments and listed securities, and our divestment amounted to HK$1,461.31 million, mainly derived from some debt instruments, private equity investments, an investment fund, and some listed securities.

New Investment and Divestment/Disposal over the Latest 3 Years
(HK$ million)



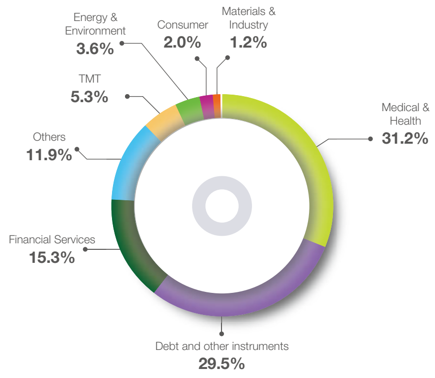
Portfolio Breakdown

Our investment strategy is comprised of three pillars based on different holding period, namely long-term core holding, mid-term private equity and venture capital, and short-term arbitrage and others. As our primary focus, the core holding strategy fully leverages the long-term investment horizon enabled by our own capital as a public company. We identify and invest in companies with high growth potential as core holding portfolio supporting their long-term development with patient capital. The mid-term private equity and venture capital strategy targets not only various opportunities in emerging industries but also fostering and enhancing ecosystem for our core holding companies. The strategy of short-term arbitrage and others mainly focuses on opportunities that emerge from short-term financing needs and other opportunistic deals.

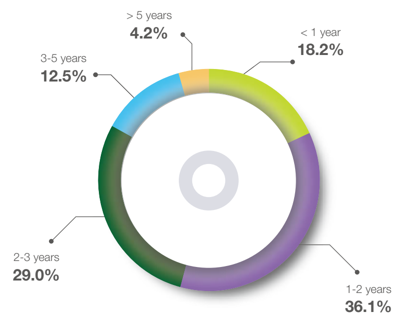
As of 31 March 2020, the top three sectors of our existing portfolio were medical & health, financial services and TMT. Our leading position in the medical & health sector in terms of valuation was the investment in iCarbonX Group Limited ("iCarbonX"), while in the financial services sector, Beijing International Trust Co., Ltd. accounted for biggest share followed by CSOP Asset Management Limited ("CSOP"). Our major investment in the TMT sector included Didi Chuxing and a few other projects.

MANAGEMENT DISCUSSION AND ANALYSIS

By Sector



By Holding Period



MAJOR INVESTMENT PORTFOLIO

Long-Term Core Holding

As of 31 March 2020, three companies were categorized as our long-term core holding portfolio, which were iCarbonX, CSOP and OPIM Holdings Limited ("OPIM"), respectively. iCarbonX primarily focuses on digital health management, CSOP is the largest RQFII manager globally, and OPIM is Asia's leading hedge fund platform. OP Financial's holdings in the core holding companies amounted to HK$1,284.31 million as at 31 March 2020. During the Year, the Company received dividend amounting to HK$34.86 million from CSOP. Given the growth potential of the core holding companies, OP Financial will continue to hold them and support their development in the long run while pursuing long-term investment return correspondingly.

iCarbonX Group Limited

Date of initial investment: 2018
Type of deal: Core Holding
Equity ownership: 7.7%
Cost: HK$1,098.79 million
Carrying value: HK$1,146.16 million
Location: China
Industry: Medical & Health

In 2018, OP Financial invested in iCarbonX as one of its core holding companies and established a joint venture with iCarbonX named iCarbonX OP Investment Limited to capture potential investment opportunities within the healthcare industry. In June 2019, the Company entered into an award agreement with iCarbonX, which awarded the Company an aggregate of approximately 3% of its total equity. Following the share award, the Company owns 7.7% of equity interests in iCarbonX. As at 31 March 2020, the Company's position in iCarbonX stood at HK$1,146.16 million.

iCarbonX is a global pioneer in artificial intelligence ("AI") and precision health management and aims to build an ecosystem of digital life based on a combination of individuals' life data, the Internet and artificial intelligence. Its main founding team comprises the world's top biologists with extensive experience in multi-omics technology, medical service, biological data analysis, artificial intelligence and data mining.

iCarbonX established the Digital Life Alliance (the "Alliance") with a number of cutting-edge health-tech companies in 2016 and has been actively carrying out cross-border collaborations in order to maximize synergy and promote mutual growth within the Alliance. iCarbonX has been deeply concerned with the outbreak of COVID-19 since January 2020 and has leveraged its proprietary world-leading random peptide array-based immunization indication technology to build a platform during the 2020 Chinese New Year for COVID-19 immune response testing and vaccine development validation. The platform can be used for immune characteristic screening of asymptomatic general population so as to differentiate susceptible and non-susceptible population for corresponding health management and evaluation of vaccination effectiveness in the future. In addition, iCarbonX has been developing coronavirus In Vitro Diagnostics (IVD) kits and vaccine, of which the IVD kit has been submitted to U.S. Food & Drug Administration (FDA) for approval.

OP Financial believes iCarbonX's expertise in life science and artificial intelligence equips the company with unparalleled competitive advantages, particularly in an era of post-COVID-19, when AI-enabled healthcare research & development (R&D) is given significant prominence and people's awareness of health management improves. Going forward, the Company will continue to take an active role in bridging opportunities between iCarbonX and industry leaders to foster its development within the healthcare industry and attain capital appreciation. The investment in iCarbonX is believed to benefit OP Financial over the long run, therefore iCarbonX is held as a core holding company within OP Financial's investment portfolio.

MANAGEMENT DISCUSSION AND ANALYSIS

CSOP Asset Management Limited

Date of initial investment: 2008
Type of deal: Core Holding
Equity ownership: 22.5%
Cost: HK$60.00 million
Carrying value: HK$95.02 million
Location: Hong Kong
Industry: Financial Services

CSOP was jointly established by OP Financial and China Southern Asset Management Co., Ltd. in 2008. As at 31 March 2020, OP Financial owned 22.5% of the issued capital of CSOP, decreasing from 30% as at 31 March 2019 as a result of the allotting of 66,666,667 ordinary shares by CSOP to its employees during the Year. The carrying value of the Company's position in CSOP stood at HK$95.02 million as at the end of the Year. Including the accumulative shared results and dividends received, the Company's investment into CSOP has yielded a multiple of money (MoM) of 5.1x since its inception in 2008.

CSOP is a well-known asset management company based in Hong Kong, which manages private and public funds, and provides investment advisory services to Asian and global investors with a dedicated focus on China investing. As a leading cross – border asset management expert in terms of Asset Under Management (AUM), CSOP once held the world's largest RMB Qualified Foreign Institutional Investor (RQFII) quota of RMB46.10 billion. It is also one of the best offshore asset managers in China. In the fast-changing market, CSOP never stops innovation to capture opportunities. During the Year, CSOP launched several new products including leverage/reverse ETFs, Hong Kong dollar, US dollar and RMB Money Market ETFs as well as GAMA quantitative index strategy products etc. In particular, CSOP USD Money Market ETF (stock code: 9096.HK) was rated "AAAf" by Fitch Ratings on 11 March 2020, making it the first Hong Kong-listed ETF receiving the rating from Fitch Ratings.

China has been accelerating the reforms and opening-up of its financial market in recent years and it is one of the most attractive investment destinations for international investors. CSOP will continue to bridge investment opportunities in China for overseas investors with its innovative fund products and expertise, achieving decent returns for investors and at the same time enhancing its leading position in the RQFII product management sector. OP Financial believes that CSOP will continue to bring solid returns and therefore will hold it as a long-term core holding company.

OPIM Holdings Limited

Date of initial investment: 2008
Type of deal: Core Holding
Equity ownership: 30%
Cost: HK$59.47 million
Carrying value: HK$43.12 million
Location: Hong Kong
Industry: Financial Services

As at 31 March 2020, OP Financial owned 30% of the issued ordinary shares and 100% of the non-voting preference shares of OPIM Holdings Limited (together "OPIM") following a reorganization completed in December 2019 to streamline its organizational structure where the Company's position remained unchanged. As at 31 March 2020, the Company's position in OPIM stood at HK$43.12 million as compared to HK$58.02 million as at 31 March 2019. The decrease was primarily attributable to the unfavorable market environment as a result of the US-China trade war compounded with the COVID-19 pandemic, despite OPIM's strong operating performance in 2019 when it had 27 new funds onboard and in the first quarter of 2020 alone, the number of new funds onboard has reached 29.

OPIM is a leading hedge fund platform in Asia serving both global and Asia-based managers to develop funds across diversified strategies for institutional and professional investors. It has built a whole ecosystem linking up fund managers, service providers and capital allocators, which enables the managers to launch offshore funds with efficient and affordable structures. With the ecosystem, managers are able to focus on fund performance and build a proven track record for future expansion.

With the increasing scale of China's private equity funds in the overseas market, OPIM is expected to maintain the momentum of steady growth in terms of both the number of funds and the overall asset scale. At the same time, China has been accelerating the opening-up of its financial markets, which improves foreign managers' access to the Chinese market and as a result, OPIM is expected to benefit from it. OP Financial believes that OPIM has great potential to continue to grow its business, and therefore will hold it as a long-term core holding company.

MANAGEMENT DISCUSSION AND ANALYSIS

Mid-Term Private Equity and Venture Capital

As of 31 March 2020, OP Financial's holdings in the mid-term private equity and venture capital category amounted to HK$1,435.65 million. Under this category and on a cash flow basis, the Company added a few investments and paid a capital call of a fund amounting to HK$452.27 million in total, and exited from or partially disposed of a few private equity investments, partially redeemed an investment fund and received dividend from one investment with total proceeds of HK$222.12 million during the Year. Based on prudent and extensive analysis of market condition and the investees' prospect, OP Financial makes decisions either to maintain the holdings to benefit from growth of business, or to exit and harvest returns for future new investments. Apart from certain listed equity investments, the major investments are listed as below:

Treasure Up Ventures Limited (Beijing International Trust Co., Ltd., "BITIC")

Date of initial investment: 2016
Type of deal: Private Equity
Equity ownership: 25%
Cost: HK$351.67 million
Carrying value: HK$342.74 million
Location: China
Industry: Financial Services

OP Financial acquired 25% equity interest in Treasure Up Ventures Limited ("Treasure Up"), which in turn participates in a minority economic interest in BITIC. As at 31 March 2020, the Company's position in BITIC stood at HK$342.74 million as compared to HK$688.74 million as at 31 March 2019. During the Year, OP Financial received the dividend of approximately HK$14.10 million distributed by BITIC for the year of 2018. For 2019, BITIC recorded a total revenue and net income of RMB1,897.82 million and RMB927.57 million, increasing 12.0% and 11.4% year-over-year, respectively. However, due to the outbreak of COVID-19 earlier this year, which led to the severe downturn of global capital markets in March when the Shanghai Stock Exchange Index was in its 52-week low, the comparable companies of BITIC were trading at low multiples and as a result, the carrying value of the Company's investment as at 31 March 2020 decreased year-over-year.

BITIC is a China-based large-scale non-banking financial institution, which primarily engages in trusts, investment funds, financial services, brokerage and advisory business.

The trust industry has been playing an irreplaceable role in China's economic development and financial resource allocation. In recent years, the rapid development of wealth management business driven by the accumulation of private wealth has brought the industry with historic opportunities. Quickly adapting to the changes in the market and national policy environment, BITIC formulated its twin-engine strategy in 2019, which is asset management and wealth management respectively, and has adjusted its service offerings focusing on quality rather than quantity since 2018. OP Financial believes that BITIC will benefit from the continuous opening-up and improvement of China's financial system and the upgrading of the trust industry, as a result of which BITIC is expected to deliver a decent return on investment for the Company.

華建實業投資有限公司(“華建實業”)

Date of initial investment: 2020
Type of deal: Private Equity
Equity ownership: 12.5%
Cost: HK$370.00 million
Carrying value: HK$370.00 million
Location: China
Industry: Others

OP Financial entered into agreements to acquire 100% of the equity of Wall King Industry Investment Limited, which in turn to purchase 12.5% of equity interest issued by 華建實業 with a total consideration of HK$370.00 million.

With the double-engine strategy of industrial operations complemented by equity investment, 華建實業 currently controls or holds minority interest in more than 15 projects, mainly in the promising sectors, including but not limited to high-end equipment manufacturing, culture and arts, internet and semiconductor.

China's economic development has entered into a new stage where technology is a key driver and domestic consumption is playing an increasingly important role. As a result, there are plenty of opportunities in the emerging industries into which the Chinese government has been guiding the factors of production to flow through supply-side structural reform. 華建實業 primarily focuses on the emerging industries and holds a number of prime investment projects with great growth prospects, and therefore, is expected to bring medium-term investment returns to the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Victorian Investment Limited Partnership

Date of initial investment: 2018
Type of deal: Private Equity
Equity ownership: 46.15%
Cost: HK$234.80 million
Carrying value: HK$129.94 million
Location: China
Industry: Medical & Healthcare

In 2018, OP Financial made the investment in Victorian Investment Limited Partnership to participate in the investment regarding the healthcare business of a large-scale Chinese company. As of 31 March 2020, our position stood at HK$129.94 million.

Echoing its investment industry focus, the Company made the investment in Victorian Investment Limited Partnership aiming to benefit from the potential upside of the Chinese healthcare sector. The investment originally had a term of 3 years, however, due to the liquidity problem of the parent company of the underlying investment and the downturn of China market, the parent company is undergoing a debt restructuring program, of which the progress, however, was impeded by the outbreak of COVID-19 in China earlier this year when there was a nationwide lockdown. As a result, the restructuring program could not be finalized as at 31 March 2020. On a prudent basis, the Company increased the provision for impairment loss on the investment, which led to the decrease in its carrying value, although the Company does expect to recover the loss upon the completion of the debt restructuring program.

Xiaoju Kuaizhi Inc. (Didi Chuxing)

Date of initial investment: 2016
Type of deal: Private Equity
Equity ownership: <1%
Cost: HK$116.45 million
Carrying value: HK$83.92 million
Location: China
Industry: TMT

Xiaoju Kuaizhi Inc. ("Xiaoju Kuaizhi") is the Cayman Island SPV of Didi Chuxing. OP Financial subscribed less than 1% preferred shares issued by Xiaoju Kuaizhi. As at 31 March 2020, the Company's position in Didi Chuxing stood at HK$83.92 million as compared to HK$156.89 million a year ago. The decrease was primarily attributable to the outbreak of COVID-19 since late January 2020 in China, which had entered into a full lockdown to contain the pandemic and it inevitably had a dramatic impact on Didi Chuxing's ride-hailing business.

Didi Chuxing is the world's leading one-stop mobile transportation platform offering a full range of app-based mobility options for over 550 million registered users across Asia, Latin America and Australia. In China, Didi Chuxing is the absolute market leader in the mobile transportation sector with the number of monthly active users for May 2019 amounting to 75.17 million, roughly 23 times of that of the second market player, according to a research report published by Analysys. With the resumption of economic activities in China post the outbreak of COVID-19, Didi Chuxing is believed to recover its ride-hailing business and in the meantime, it is also penetrating into the intra-city freight delivery sector leveraging and further monetizing its large-scale user base.

With the development of urbanization and the evolution of consumption habits, mobile transportation is playing an increasingly important role in urban society. In the past few years, Didi Chuxing has been actively exploring the application of artificial intelligence, big data and other technologies in the transportation sector to continuously optimize its service offerings and has been making significant progress in expanding its global footprints. OP Financial believes that Didi Chuxing's tremendous user base and its penetration in the smart transportation sector will equip it with unparalleled competitive advantages going forward.

MANAGEMENT DISCUSSION AND ANALYSIS

BE Financial Service (Beijing) Investment Holdings Limited

Date of initial investment: 2017
Type of deal: Private Equity
Equity ownership: 20%
Cost: HK$46.64 million
Carrying value: HK$55.52 million
Location: China
Industry: Environment

OP Financial partnered with Beijing Enterprises Water Group Limited ("BEWG", stock code: 371.HK) to facilitate the establishment of BE Financial Service (Beijing) Investment Holdings Limited (北控金服(北京)投資控股有限公司, "BEFS"). OP Financial committed RMB200 million for 20% registered capital in BEFS and has paid up the first capital call of RMB40 million (equivalent to HK$46.64 million) in August 2017. As at 31 March 2020, the Company's position in BEFS stood at HK$55.52 million, representing a year-over-year increase of 8.3% as compared to HK$51.29 million as at 31 March 2019, thanks to the growth of shared cumulative profits from the investee company driven by its robust financial performance for 2019.

BEFS works along with its subsidiaries to provide comprehensive services of fund investment, financing and management for BEWG's Public-Private Partnership (PPP) projects in relation to environmental protection. As a China-based large-scale water treatment and environmental protection group with strong core competency, BEWG has achieved a nationwide strategic deployment and penetrated into overseas markets successfully. OP Financial believes that with Chinese government's continuous support for the environmental protection industries and the market-leading position of BEWG, BEFS will continue to develop its business and bring mid-term investment returns to the Company.

Central China New Life Limited ("CCNL")

Date of initial investment: 2019
Type of deal: Private Equity
Equity ownership: <1%
Cost: HK$11.00 million
Carrying value: HK$51.69 million
Location: China
Industry: Others

In March 2019, OP Financial entered into a share subscription agreement with CCNL to subscribe 339,000 shares issued by the company, or less than 1% of its total equity, at a consideration of HK$11.0 million. As at 31 March 2020, OP Financial's position in CCNL stood at HK$51.69 million, representing a year-over-year increase of 369.9% as a result of the investee company's spectacular business growth. CCNL filed for listing on Hong Kong Exchanges and Clearings in November 2019 and made its trading debut at an IPO price of HK$6.85 per share on 15 May 2020 and closed at HK$8.37 up 22.2%.

CCNL is the largest property management service provider in the central China region with its property management and value-added services covering all 18 prefecture-level cities and also 81 of the 104 county-level cities in Henan Province as well as 1 city in Hainan Province. Serving more than 1 million property owners and residents in 312 properties, CCNL manages a diversified portfolio of properties, including residential properties, shopping malls, cultural tourism complexes, commercial apartments, office buildings, schools and properties of governmental agencies.

The property management industry has been growing significantly with the rapid development of China's real estate market in recent years and is expected to continue to have the momentum driven by the increase in the number of home buyers, as well as the growth in urbanization rate and per capital disposal income in China going forward.

MANAGEMENT DISCUSSION AND ANALYSIS

Short-term Arbitrage and Others

As at 31 March 2020, OP Financial's holdings in listed securities that fell into this category amounted to HK$163.24 million, while the holdings in debt instruments amounted to approximately HK$1,208.30 million. During the Year, OP Financial made new investment in and divestment from some debt instruments and listed securities to enhance the capital liquidity and generated returns from interests, dividends and capital gains. At the same time, our portfolio of debt instruments recorded provisions for expected credit loss (ECL) under HKFRS 9, while some listed securities recorded market price changes for the Year.

The Company invests in debt instruments with the consideration of return, risk and liquidity. For the Year, the interest rate we charged for the debt instruments, of which the borrowers were mainly investment companies, ranged from 5% to 20% as compared to 5% to 24% last year. The total interest income generated from debt instruments was HK$177.84 million with loan tenures ranging from 6 months to 3 years, while the corresponding amount and range last year were HK$219.06 million and 6 months to 3 years, respectively.

OP Financial maintains regular communication with debt issuers and loan borrowers. As at the end of the Year, management have assessed the repayment ability of the issuers/borrowers for the determination of expected loss provisions.

FINANCIAL REVIEW

Financial position

Net asset value: As at 31 March 2020, the Group's net asset value was HK$4,114.44 million, or HK$1.42 per ordinary share in issue, as compared to HK$5,630.46 million and HK$1.94 per ordinary share in issue respectively as at 31 March 2019.

Gearing: The gearing ratio, which was calculated on the basis of total liabilities over total equity as at 31 March 2020, was 0.16 (31 March 2019: 0.04).

Investments accounted for using equity method: It mainly represents our interest in companies held under the strategy of mid-term private equity and venture capital, which include Treasure Up and the share of the core holding company CSOP. Assets value stood at HK$637.91 million as at 31 March 2020 (31 March 2019: HK$1,147.29 million), representing a year-over-year decrease of 44.4% mainly due to the decrease in Treasure Up's valuation as a result of the unfavorable market environment and the recognition of loss on OP EBS Fintech Investment L.P. (Wacai Holdings Limited, or "Wacai"), which was primarily attributable to the regulatory crackdown on peer-to-peer lending platforms leading to the uncertainty of Wacai's business prospects. The decrease was partially offset by the upside of the asset value of BEFS thanks to its strong performance.

Financial assets at fair value through profit or loss: It stood at HK$2,245.29 million as at 31 March 2020, representing a slight decrease of 0.6% as compared to HK$2,258.19 million as at 31 March 2019, which was mainly the net result of (i) the new investment into 華建實業 amounting to HK$370.00 million in total; (ii) the increase in the fair value of our investment in iCarbonX; (iii) a fair value increase of HK$40.69 million, or by 369.9% of our positions in CCNL; (iv) an increase of HK$31.34 million in the fair value of our investment in 德興市益豐再生有色金屬有限責任公司 due to a new investment during the Year; (v) the partial divestment from Sino Stature Investment Limited amounting to approximately HK$93.90 million; (vi) a net decrease of HK$106.84 million and HK$72.97 million in the fair value of the investment in Victorian Investment Limited Partnership and Didi Chuxing respectively due to the aforementioned reasons; (vii) a net decrease of HK$64.09 million in the fair value of the investment in Thrive World Limited, which holds 50% of equity interests in Nobel Holdings Investments Ltd.; (viii) a net decrease of HK$24.72 million in listed securities due to partial disposal and fair value decrease; (ix) a net decrease of HK$158.66 million in the fair value of some private equity investments and investment funds due to disposal or fair value change.

Debt investments: It represents the investments in debt instruments as at 31 March 2020, which amounted to HK$1,208.30 million. The decrease of 40.3% as compared to HK$2,025.48 million as at 31 March 2019 was primarily because the Company exited from a few debt investment during the Year and the increase in the provision for expected credit losses as compared to the prior year. The debt investments contribute to enhancing the Company's capital liquidity and generate revenue in the form of fixed income.

Bank and cash balances: As of 31 March 2020, the Company's bank and cash balance stood at HK$117.39 million (31 March 2019: HK$193.80 million). We manage our bank and cash balances principally on the basis of making good use of capital to achieve returns for shareholders and ensuring sufficient liquidity for our working capital requirements. Majority of the cash was utilized for several investments during the Year while at the same time we also partially disposed of or divested some investments and some debt instruments upon maturity.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The economic environment and stock markets have been extremely challenging without a modern precedent due to the US-China trade war compounded with COVID-19 pandemic, which inevitably exerted pressure on the business and valuation of some of our portfolio companies for the Year. The Company recorded a total revenue of HK$181.82 million for the Year, representing a year-over-year decrease of 20.2% as compared to HK$227.89 million for the prior year primarily attributable to the decrease in interest income and dividend income as we divested some debt instruments and listed securities during the Year to mitigate risks given the highly uncertain and volatile capital markets. The Company recorded a net loss for the Year of HK$1,372.67 million as compared to a net profit of HK$256.69 million for the prior year. The change was primarily due to the provision for ECL increased to HK$666.95 million from HK$72.69 million for the prior year, and the share of results of investments accounted for using equity method turning from a net gain of HK$205.96 million for the previous year into a loss of HK$444.05 million mainly as a result of the decrease in the fair value of BITIC and the recognition of loss on OP EBS Fintech Investment L.P.. The net change in unrealized loss of financial assets at fair value through profit or loss of HK$320.84 million and the net realized loss on disposal/distribution of investments of HK$11.43 million also contributed to the change. The loss was partially offset by the net change in unrealized gain on financial liabilities at fair value through profit or loss of HK$89.97 million.

Consolidated statement of profit or loss and other comprehensive Income

Revenue represents the income received and receivable on investments during the Year as follows:

	2019/20 HK$'000	2018/19 HK$'000
Dividend income(1)	**3,078**	6,483
Interest income(2)	**178,738**	221,409
	181,816	227,892

(1) Dividends received from listed securities during the Year.

(2) Interest income of HK$178.74 million were primarily generated from the Group's debt instruments as well as term deposit in banks.

Net change in unrealized loss on financial assets at fair value through profit or loss: The net change in unrealized loss of HK$320.84 million (FY2018/19: HK$158.44 million) mainly represents the net result of (i) the unrealized gain of HK$47.16 million on iCarbonX; (ii) the unrealized gain of HK$40.69 million on CCNL driven by its robust financial performance; (iii) the net unrealized gain of HK$19.09 million on our investment in Sino Stature Investment Limited; (iv) the unrealized loss of HK$106.84 million on Victorian Investment Limited Partnership; (v) the net unrealized loss of HK$41.10 million on unlisted debt investment, and (vi) the unrealized loss of HK$72.97 million and HK$64.09 million on Xiaoju Kuaizhi (Didi Chuxing) and Thrive World, respectively.

Net change in unrealized gain on financial liabilities at fair value through profit or loss: The net change in unrealized gain of HK$89.97 million (FY2018/19: loss of HK$12.99 million) mainly represents the share of unrealized loss by our co-investment partners.

Realized loss on financial liabilities at fair value through profit or loss: The amount HK$22.21 million mainly represents the provision of loan guarantee to 上海幸福九號網絡科技有限公司 of HK$21.89 million being recognized during the Year.

Realized loss on disposal/distribution of investments: The realized loss of HK$11.43 million (FY2018/19: gain of HK$210.51 million) during the Year mainly represents the realized loss on the disposal of some listed securities, partially offset by the realized gain on the partial disposal of an investment fund, divestment of a private equity investment and a debt instrument classified as financial asset at fair value through profit or loss.

Provision for expected credit losses ("ECL"): The HK$666.95 million (FY2018/19: HK$72.69 million) represents the provision for ECL on debt instruments for the Year following the adoption of HKFRS 9 by the Company. The year-over-year increase in ECL provision was primarily because the Company increased the percentage of expected loss provisions on some debt instruments, of which most debt issuers or loan borrowers engage in investment business and were negatively impacted by the adverse economic and market conditions due to the US-China trade war, the social unrest in Hong Kong compounded by the COVID-19 pandemic. The decrease in the fair value of the Company's prepaid considerations for the investment in Dagang Holding Group CO., LTD. (stock code: 300103.SZ) also partially contributed to the increase in ECL provision. The reverse entry of the provision for ECL for three debt instruments due to the full repayment partially offset the increase.

Equity-settled share-based payments: The HK$5.43 million (FY2018/19: HK$12.20 million) represents the cost of share options amortized during the Year. These share options were granted to certain Directors, employees and consultants on 20 May 2016 and 1 February 2018 respectively, which are allowed to be vested over five years from the grant dates.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating and administrative expenses: The total amount of HK$150.58 million operating and administrative expenses (FY2018/19: HK$117.25 million) was mainly the result of staff costs, investment management fee, depreciation, service fee expense as well as legal and professional fees. The year-over-year increase was primarily driven by an increase of HK$30.68 million in lease-related expenses, which include rent and rates as well as depreciation on Right-of-Use (ROU) assets upon the adoption of HKFRS 16 since 1 April 2019, and an increase of HK$5.12 million in depreciation, primarily as a result of the relocation of the Company's office during the Year. An increase of HK$10.52 million in exchange difference also contributed to the increase. A decrease of HK$9.38 million in staff cost, HK$4.22 million in legal and professional fee, and HK$2.1 million in consultancy fee partially offset the increase.

Share of results of investments accounted for using equity method: a net loss of approximately HK$444.05 million (FY2018/19: net gain of HK$205.96 million) mainly represents our share of loss of Treasure Up, which was primarily due to the unfavorable market environment resulting the decrease in BITIC's valuation during the Year. The share of loss from OP EBS Fintech Investment L.P. as a result of the regulatory crackdown on peer-to-peer lending was another reason for the net loss. The loss was partially offset by the shared gain of CSOP, BEFS and a number of other associates thanks to their robust performance.

Other comprehensive income: Changes in the Group's NAV, which are not accounted for in "loss for the Year", are recorded under "other comprehensive income". The net gain of HK$396,000 (FY2018/19: loss of HK$249,000) represented the share of surplus reserve and exchange differences of investments accounted for using equity method. Including the "loss for the Year", the total comprehensive income for the Year was a loss of HK$1,372.28 million.

DIVIDEND POLICY AND PROPOSED FINAL DIVIDEND

No interim dividend was paid during the Year (FY2018/19: 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. In recommending the payment of dividends, the Board will take into account a number of factors, including but not limited to, the following:

(1) the financial position and financial performance of the Group;

(2) the Group's estimated investment plan and capital expenditure plan;

(3) the Group's debt-to-equity ratio, return on equity and committed financing agreements;

(4) the retained profits and distributable reserves of the Company and each of the members of the Group;

(5) the expectation of shareholders and investors and industry practice;

(6) other internal or external factors that may have an impact on the financial performance or financial position of the Company; and

(7) any other factors that the Board deems appropriate.

The Board has resolved not to pay any final dividend in respect of the Year (FY2018/19: HK$0.046 per share).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's major sources of revenue currently are dividend income from investments held and interest income from bank deposits and financial instruments held.

As at 31 March 2020, the Group had cash and bank balances of HK$117.39 million (31 March 2019: HK$193.80 million). The Group had an aggregate of HK$506.85 million loans primarily comprised of bank loans from our principal bankers, interest-bearing loan from a third party and interest-free borrowings from one of the associates for a PRC potential investment as at 31 March 2020 (31 March 2019: HK$71.56 million). The debt-to-equity ratio (interest-bearing external borrowings divided by shareholders' equity) stood at 10.7% (31 March 2019: zero) while the current ratio (current assets divided by current liabilities) was 4 times (31 March 2019: 9 times). For further analysis of the Group's cash position, current assets and gearing, please refer to paragraphs under subsections headed "Financial Position" above.

We finance our ongoing operating activities through using funds from our operations, external credit or financing arrangements. We constantly assess our current and expected operational requirements and the financial market conditions to evaluate the utilization of available financing sources. Considering our existing working capital position and our accessibility to debt funding sources, the Board believes that our operations and borrowing resources are sufficient to provide funding to satisfy our ongoing investment and working capital requirements for the foreseeable future.

CAPITAL STRUCTURE

As at 31 March 2020, shareholders' equity and the total number of shares in issue of the Company stood at HK$4.11 billion and 2,900,940,000, respectively. As at 31 March 2019, shareholders' equity and the total number of shares in issue less treasury shares of the Company stood at HK$5.63 billion and 2,900,940,000 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS OF INVESTMENTS

On a cash flow basis, the Company had the following material acquisitions as well as disposals of investments during the Year.

	New/Additional Investment (HK$ million)	**Divestment/ Disposal** (HK$ million)
Long-term core holding	–	34.86[1]
Mid-term private equity & venture capital	452.27[2]	222.12[3]
Short-term arbitrage opportunities		
– Listed securities	59.65[4]	10.01[5]
– Debt instruments	835.74	1,194.32
Prepaid consideration	494.46[6]	–
Total	1,842.12	1,461.31

(1) The HK$34.86 million represents the dividend received from CSOP during the Year.

(2) The HK$452.27 million represents four investments in our unlisted partnership interest and unlisted equity investments during the Year.

(3) The HK$222.12 million mainly represents the dividend received from Treasure Up, partial divestment from a few investments and partial redemption of Greater China Select Fund during the Year.

(4) The HK$59.65 million mainly represents our investment in five listed securities during the Year.

(5) The HK$10.01 million represents the disposal or partial disposal of three listed securities in our portfolio during the Year.

(6) The HK$494.46 million represents the prepaid consideration made pursuant to "股份轉讓交易協議" dated 18 June 2019 and "股份轉讓交易協議之補充協議" dated 28 June 2019, signed between the Group, through one of its subsidiaries, and the seller, under which the Group determined to purchase a total of 63,202,590 shares, or 19.9% of total capital of Dagang Holding Group CO., LTD. (stock code: 300103.SZ). The total consideration of RMB695.23 million is agreed to be paid in instalments based on certain contractual terms. Up to 31 March 2020, RMB450 million was prepaid according to plan.

SEGMENT INFORMATION

Segment information of the Group is set out in note 7 on pages 97 and 98 of this report.

EMPLOYEES

As of 31 March 2020, the Group had 43 employees (31 March 2019: 47), inclusive of all Directors of the Group and its subsidiaries. Total staff costs including equity-settled share-based payments for the Year amounted to HK$62.42 million (FY2018/19: HK$72.04 million). The Group's remuneration policies are in line with market practices and are determined on the basis of the performance and experience of individual employees.

SHARE OPTION SCHEME

During the Year, the Board did not grant any share option under the Company's share option scheme to any Directors or eligible employees of the Group and there were no granted share options exercised (FY2018/19: 300,000). There was forfeiture of 1,000,000 share options during the Year which had been granted to a consultant (FY2018/19: nil). As at 31 March 2020, there were 71,700,000 (31 March 2019: 72,700,000) share options that remained outstanding under the share option scheme.

The detailed disclosures relating to the Company's share option scheme and valuation of options are set out in the section headed "Share Option Scheme" under Notes to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

As at 31 March 2020, the Group was exposed to foreign exchange risk arising from financial instruments that are monetary items including investments recognized as financial assets at fair value through profit or loss, prepaid consideration for equity investment, loan and other receivables, bank balances and other payables (31 March 2019: financial assets at fair value through profit or loss, loan and other receivables, bank balances and other payables). These assets were denominated in RMB and the maximum exposure to foreign exchange risk was RMB452,054,000, equivalent to HK$492,965,000 (31 March 2019: RMB284,589,000, equivalent to HK$332,215,000).

As at 31 March 2020, 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 exchange risk is minimal as HKD is pegged to USD based on the Linked Exchange Rate System in Hong Kong.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2020, there were no charges on the Company's assets.

At 31 March 2020, the Group had provided guarantees in respect of the settlement of RMB20 million (equivalent to HK$21.81 million) (31 March 2019: HK$23.35 million) loan provided by 博石資產管理股份有限公司 to 上海幸福九號網絡科技有限公司. Due to the financial difficulties of 上海幸福九號網絡科技有限公司, the Company had been demanded by 博石資產管理股份有限公司 to settle the loan on behalf of 上海幸福九號網絡科技有限公司 as at the date of this report. As such, a provision for the loan guarantee of RMB20 million (equivalent to HK$21.81 million) (31 March 2019: Nil) was recognized as at 31 March 2020.

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

As at 31 March 2020, 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 daily business, and therefore management may publically announce these plans as they become necessarily disclosable to shareholders during the course of the financial year.

The Company is set to establish a new business department in an effort to fully invigorate its long, medium and short-term investments and improve the profitability and liquidity of the assets on its balance sheet. Aiming to enhance the medium and short-term investment and management for the Company, the business department will focus on arbitrage opportunities, which are complementary to the Company's long-term core holding strategy, strive to grow the Company's asset scale steadily and further strengthen its cash flow.

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 and up to the date of this report.

EVENTS AFTER THE REPORTING YEAR

(1) After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across Mainland China and Hong Kong. In light of this, the Group has considered the potential impact of COVID-19 on this consolidated financial statements as at 31 March 2020 and for the year then ended, in particular the impact on the fair value of unlisted financial instruments, and expected credit losses for the Group's debt investments where significant management judgement has been exercised. Subsequent to the year end, the Group has continued to pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results as part of the subsequent event review. As at the date on which this set of consolidated financial statements were authorised for issue, the Group was not aware of any further material effects on the consolidated financial statements as a result of the COVID-19 outbreak.

(2) Following its filing for listing application on Hong Kong Exchanges and Clearings in November 2019, CCNL, to which OP Financial made an investment in March 2019, was successfully listed on the stock exchange on 15 May 2020 with the closing price of the first trading day up 22.2% against its IPO price.

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 64, has been appointed as the Honorary Chairman of the Company since 29 June 2018, an executive Director since February 2003, and a member of the corporate governance committee since January 2012. From February 2003 to June 2018, he was the Chairman of the Board. From January 2012 to June 2018, he was also the chairman of the nomination committee. 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 55, has been appointed as the Chairman of the Board and the chairman of the nomination committee since 29 June 2018, an executive director since February 2003, and a member of the corporate governance committee since January 2012. From February 2003 to April 2019, he was also the Chief Executive Officer. 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 nonexecutive 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 nonprofit 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 53, has been appointed as Chief Executive Officer and an executive Director of the Company since 16 April 2019. From June 2016 to June 2018, he was an executive Director, the president of the Company, and a member of the corporate governance committee. From December 2015 to June 2016, he served as a non-executive director of the Company. Dr. Liu obtained a bachelor's degree in Industrial Management Engineering from Zhe Jiang University in 1989. He furthered his studies in Graduate School of the People's Bank of China between 1989 and 1992 and obtained his master's degree in international finance. In 2007, he obtained a doctoral degree in Economics & Law from Hunan University. Dr. Liu completed a professional programme in Finance CEO from Cheung Kong Graduate School of Business in 2010. Dr. Liu has over 20 years of experience in financing, securities investment and capital market. He served as a nonexecutive director of Shanghai Zendai Property Limited (stock code: 755), whose shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") for the period from 2 February 2010 to 12 December 2012. He was the vice chairman of Chang'an International Trust Co., Ltd (formerly known as Xi'an International Trust Co., Ltd) from 2008 to 2011. Dr. Liu served as a supervisor of Xin Jiang Hui-tong (Group) Co., Ltd (stock code: 415) from December 2005 to December 2008, whose shares are listed on the Shenzhen Stock Exchange. He also served as a general manager of the merger and acquisition department of Guosen Securities Co., Ltd from 1997 to 1998.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Non-executive Director

Dr. WU Zhong, aged 56, has been appointed as a non-executive Director of the Company since February 2017 and the Deputy Chairman of the Board since 29 June 2018. 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 organisations 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

Prof. HE Jia, aged 65, has been an independent non-executive Director and 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 as the chairman of the corporate governance committee and 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 65, 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, a member of the nomination committee and a member of the corporate governance committee of the Company since January 2012. Mr. Wang is a partner of JNJ Partners LLP 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, 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, and Yanzhou Coal Mining Company Limited until 29 June 2017.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. CHEN Yuming, aged 57, has been re-designated from a non-executive Director to an independent non-executive Director since 15 July 2019. He has been appointed as the chairman of the audit Committee, a member of the remuneration committee, a member of the nomination committee and a member of the corporate governance committee since 23 October 2019. He obtained a bachelor degree and a master degree from Jiangxi University of Finance and Economics in 1983 and 1999 respectively. He also obtained an EMBA from Cheung Kong Graduate School of Business in 2010. Mr. Chen has more than 30 years of experience in banking, securities, fund management and auditing. He is currently Chairman of Shenzhen Leaguer Financial Holdings Company Limited, Chairman of Shanghai Leaguer Financial Leasing Co., Ltd., and Assistant to Dean of Shen Zhen Research Institute of Tsinghua University. Prior to that, Mr. Chen had served in Bank of East Asia (China) Co., Ltd. from 2007 to 2011 in various positions including President of its Shenzhen Branch and Vice President of its head office. From 1999 to 2006, Mr. Chen had worked in the Shenzhen Commercial Bank, where he had first served as Vice President, and later as President and Vice Chairman. From 1993 to 1998, Mr. Chen had held various positions in the head office of Shenzhen Urban Cooperative Bank, including Assistant to President, General Manager of Credit Department and Director of Business Department. He had served as Deputy Director of Jiangsu Provincial Auditing Department from 1989 to 1992. He had also served as Deputy Director and Division Chief of Jiangxi Provincial Auditing Department from 1983 to 1989.

Dr. FU Weigang, aged 42, has been re-designated from a non-executive Director to an independent non-executive Director since 15 July 2019. He is currently the president of the Sifl Institute. Dr. Fu has served in the Sifl Institute since 2003 in various positions including Assistant President and Vice President. Additionally, he is an adjunct professor at Shanghai University of Finance and Economics (SHUFE), Shanghai Normal University and other universities. Besides this, he served as an independent director of Changan Fund Management Co., Ltd., Shanghai Shifang Landscape and Ecology Co., Ltd. and Kingnet Network Co., Ltd. Dr. Fu obtained a bachelor of Law degree from Xi'an University of Technology in 2000 and a PhD degree from Zhejiang University in 2009.

SENIOR MANAGEMENT (In the order of commencement of engagement)

Mr. LEUNG Kai Wai *(Head of Finance)*, aged 41, has joined the Company since 2010 and is currently the Head of Finance of the Company. Mr. Leung has more than 19 years of experience in accounting, auditing and finance and has held several financial positions in both listed companies in Hong Kong and reputable international accounting firm. Mr. Leung is a certified public accountant under the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Leung was graduated from the City University of Hong Kong with a bachelor degree in Accountancy.

Mr. ZHOU Tao David *(Head of Legal, Compliance and Risk Management, Company Secretary)*, aged 49, was appointed as the Head of Legal, Compliance and Risk Management and the Company Secretary in September 2016. He oversees the legal and compliance matters of the Company as the Company Secretary. He is responsible for facilitating the Board process, as well as communication among the Board members, with the Shareholders and management of the Company. Mr. Zhou is a solicitor in Hong Kong, and has more than thirteen 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. ZHANG Wei *(Executive Deputy Chief Executive Officer)*, aged 49, was appointed as Executive Deputy Chief Executive Officer in August 2017. He is in charge of capital markets, financing and development, and institutional relationship. Mr. Zhang has over 16 years' onshore and offshore experience in financing and investment. From 1994 to 1999, Mr. Zhang worked at Sinotrans, Hebei Company. From 2002 to 2005, he served as senior trader of China Minsheng Banking Corporation head office. From 2005 to 2015, he served as AVP of Development Bank of Singapore, China institutional sales, director of Standard and Chartered Bank HK Branch, Director and head of China institutional sales of ING Bank HK Branch respectively. From 2015 to 2017, he served as assistant general manager of Huarong Qianhai Wealth Management Co., Limited, PRC. Mr. Zhang obtained a bachelor's degree in Economics from Lanzhou University, PRC in 1994 and a master's degree in finance from Graduate School of PBOC in 2002.

Mr. MEI Bing *(Chief Financial Officer)*, aged 55, was appointed as Chief Financial Officer of the Company since January 2019. Mr. Mei is a seasoned financial executive with a distinguished career of more than 20 years of successful financial management experience in the U.S. and China. From 2016 through joining the Company, he served as Chief Financial Officer and Board Director of Kandi Technology, a NASDAQ listed leading new energy vehicle manufacturer in China. From 2011 through 2016, he served as Chief Financial Officer and Board Secretary of Skystar Bio-Pharmaceutical Company, a NASDAQ Listed biotechnology company in China. From 2015 through 2016, he also served as an independent non-executive Board Director and Chairman of the Audit Committee of Jiangsu PharmaMax Corporation. From 2006 through 2011, Mr. Mei served as Chief Financial Officer of Avineon, Inc., a multinational technology company in the U.S., where he managed its global financial operations in North America, Asia and Europe. Prior to that, he served as Financial Controller of Arrowhead Global Solutions, Inc. (now part of Harris Corporation) and Thompson Hospitality Corporation, a member of the Compass Group family of companies, in the U.S. Mr. Mei received a B.S. degree in Economics from Zhejiang University in Hangzhou, China and holds an M.B.A. degree from The Fuqua School of Business at Duke University in the U.S., where he graduated with distinction as a Fuqua Scholar. He is a Certified Public Accountant (CPA) in the U.S., a Certified Management Accountant (CMA) in the U.S., and a Chartered Global Management Accountant (CGMA).

DIRECTORS' REPORT

The directors ("Directors") of OP Financial 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 2020 (the "Year").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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 the section headed "Investments in Subsidiaries" under Notes to the Consolidated Financial Statements.

SEGMENT INFORMATION

Segment information of the Group is set out in the section headed "Segment Information" under Notes 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.

The directors do not recommend the payment of a dividend.

DONATIONS

Please refer to "Community Investment" section in Environment, Social and Governance 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, the consolidated statement of changes in equity and in the section headed "Balance Sheet and Reserve Movement of the Company" under Notes 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 the section headed "Share Capital" under Notes to the Consolidated Financial Statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 March 2020 amounted to HK$3,548,640,000.

DIRECTORS' REPORT

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 in Financial Summary.

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 the section headed "Share Option Scheme" under Notes to 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
Mr. ZHANG Weidong (resigned on 10 February 2020)

Non-executive Directors

Dr. WU Zhong

Independent Non-executive Directors

Prof. HE Jia
Mr. WANG Xiaojun
Mr. CHEN Yuming (re-designated from Non-executive Director on 15 July 2019)
Dr. FU Weigang (re-designated from Non-executive Director on 15 July 2019)

Mr. Zhang Weidong resigned on 10 February 2020 as executive Director of the Company. Mr. Zhang Weidong has confirmed that he has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

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 in the "Biographical Details of Directors and Senior Management" to this report.

DIRECTORS' REPORT

DIRECTORS' SERVICE CONTRACTS

Each of the Directors has entered into a service contract with the Company and was appointed for a specific term, any of which is not more than three years. All of the Directors are subject to retirement by rotation in accordance with the Articles. No director offering for re-election at the forthcoming annual general meeting has entered into a service contract with the Company which is not terminable by the Company within one year without payment of compensation other than the normal statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the paragraph headed "Connected transactions" in this report and in the sections headed "Accounts and Loans Receivable" and "Related Party Transactions" under Notes 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 2020, 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 capital of the Company as at 31 March 2020** (note 1)
Mr. ZHANG Zhi Ping (note 2)	Interest of controlled corporation	359,800,000	–	359,800,000	12.40%
Mr. ZHANG Gaobo (note 2)	Interest of controlled corporation	359,800,000	–	359,800,000	12.40%
Dr. LIU Zhiwei	Beneficial owner	334,306,000	–	401,418,000	13.84%
	Interest of controlled corporation (note 3)	67,112,000	–		
Dr. WU Zhong (note 4)	Beneficial owner	–	10,000,000	10,000,000	0.34%

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)

Notes:

(1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 2,900,940,000 shares as at 31 March 2020.

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

(3) This represented 54,376,000 shares held by AI International Capital Management Ltd ("AI International") and 12,736,000 shares held by Chunda International Capital Management Co., Ltd ("Chunda International"). Mr. LIU Zhiwei ("Mr. LIU") owns 100% of the issued share capital in AI International and Chunda International. By virtue of the SFO, Mr. LIU is deemed to be interested in the shares held by AI International and Chunda International.

(4) These shares are underlying shares comprised in the options granted to Dr. WU Zhong pursuant to the share option scheme of the Company adopted on 17 May 2016.

Save as disclosed above, as at 31 March 2020, 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 2020, 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 2020** (note 1)
OPFGL (note 2)	Interest of controlled corporation	359,800,000	–	359,800,000	12.40%
Magopt Ltd. (note 3)	Beneficial owner	–	202,553,560	202,553,560	6.98%
Mr. LIU Yu (note 3)	Interest of controlled corporation	–	202,553,560	202,553,560	6.98%
Bestone Asset Management Co., Ltd (note 4)	Beneficial owner	169,720,000	–	169,720,000	5.85%
21st Century Champion Limited (note 4)	Interest of controlled corporation	169,720,000	–	169,720,000	5.85%

DIRECTORS' REPORT

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

	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 2020** (note 1)
Ms. WANG Juan (note 4)	Interest of controlled corporation	169,720,000	–	169,720,000	5.85%
Ms. YANG Fuyi	Beneficial Owner	165,962,500	–	165,962,500	5.72%
Wah Hing Global Investment Limited (note 5)	Beneficial owner	287,000,000	–	287,000,000	9.89%
Mr. HE Zhiping (note 5)	Interest in controlled corporation	287,000,000	–	287,000,000	9.89%
Full House Investment Limited (note 6)	Beneficial owner	287,000,000	–	287,000,000	9.89%
Mr. FU Jianping (note 6)	Interest in controlled corporation	287,000,000	–	287,000,000	9.89%
FTLife Insurance Company Limited (note 7)	Beneficial owner	290,000,000	–	290,000,000	9.99%
Cheng Yu Tung Family (Holdings II) Limited (note 7)	Interest in controlled corporation	290,000,000	–	290,000,000	9.99%
RB Management Limited (note 8)	Beneficial owner	169,152,000	–	169,152,000	5.83%
Oriental Simple Asset Management Co., Ltd (note 8)	Interest in controlled corporation	169,152,000	–	169,152,000	5.83%

DIRECTORS' REPORT

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

Notes:

(1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 2,900,940,000 shares as at 31 March 2020.

(2) This represented an aggregate of 330,000,000 shares held by Ottness and 29,800,000 shares held by OPFSGL. Ottness 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 Ottness 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 169,720,000 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 287,000,000 shares held by Wah Hing Global Investment Limited ("Wah Hing"). Mr. HE Zhiping ("Mr. HE") owns 100% of the issued share capital in Wah Hing. By virtue of the SFO, Mr. HE is deemed to be interested in the shares held by Wah Hing.

(6) This represented 287,000,000 shares held by Full House Investment Limited ("Full House"). Mr. FU Jianping ("Mr. FU") owns 100% of the issued share capital in Full House. By virtue of the SFO, Mr. FU is deemed to be interested in the shares held by Full House.

(7) This represented 290,000,000 shares held by FTLife Insurance Company Limited ("FTLife Insurance"). FTLife Insurance is a wholly-owned subsidiary of Earning Star Limited ("Earning Star"), while Earning Star is a wholly-owned subsidiary of Success Idea Global Limited ("Success Idea"). NWS Service Management Limited ("NWS Service") owns 100% of the issued share capital of Success Idea, while NWS Holdings Limited ("NWS") owns 100% of NWS Service. The issued share capital of NWS is owned as to 60.86% by New World Development Company Limited ("New World Development"), while the issued share capital of New World Development is owned as 44.35% by Chow Tai Fook Enterprises Limited ("Chow Tai Fook Enterprises"). Chow Tai Fook (Holding) Limited ("Chow Tai Fook") owns 100% of the issued share capital of Chow Tai Fook Enterprises, while Chow Tai Fook Capital Limited ("Chow Tai Fook Capital") owns 81.03% of the issued share capital of Chow Tai Fook. As Cheng Yu Tung Family (Holdings II) Limited ("Cheng Yu Tung Family") owns 46.65% of Chow Tai Fook Capital, by virtue of the SFO, Cheng Yu Tung Family is deemed to be interested in the shares held by FTLife Insurance.

(8) This represented 169,152,000 shares held by RB Management Limited ("RB Management"). Oriental Simple Asset Management Co., Ltd ("Oriental Simple Asset Management") owns 100% of the issued share capital in RB Management. By virtue of the SFO, Oriental Simple Asset Management is deemed to be interested in the shares held by RB Management.

Save as disclosed above, as at 31 March 2020, 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 in the section headed "Share Option Scheme" under Notes to the Consolidated Financial Statements, 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 New Investment Management Agreement and the section headed "Related Party Transaction" under Notes 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 the section headed "Issue of Unlisted Warrants" under Notes to the Consolidated Financial Statements. 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 its 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.

The Company's independent non-executive Directors have reviewed the continuing connected transactions and confirmed that all continuing connected transactions have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better; and

(3) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (continued)

(a) Non-exempt continuing connected transactions

(1) New Investment Management Agreement

Pursuant to the Investment Management Agreement dated 18 July 2018 (the "New Investment Management Agreement"), the Company has re-appointed Oriental Patron Asia Limited ("OPAL") as its investment manager to provide investment management services for a period commencing on 1 September 2018 to 31 March 2021, and will pay OPAL a monthly management fee payable in Hong Kong dollars in arrears on or before the seventh business day of the immediately following calendar month at HK$1,150,000 per month. For a period less than a month, the amount of such fee shall be calculated in proportion to the number of days on the basis of a calendar month of 30 days. During the Year, the aggregated management fee paid/payable by the Company under the New Investment Management Agreement to OPAL was HK$13,800,000 (2019: HK$13,800,000).

OPAL, being the investment manager of the Company, is regarded as a connected person of the Company by virtue of Rule 14A.08 of the Listing Rules and also because it is an associate of OPFGL, a substantial shareholder of the Company under Chapter 14A of the Listing Rules. The Investment Management Agreement constituted a continuing connected transaction of the Company.

(2) License Agreement

OP Investment Service Limited ("OPISL"), a wholly owned subsidiary of the Company, entered into the New License Agreement with Oriental Patron Management Services Limited ("OPMSL") on 11 April 2017, pursuant to which OPMSL has conditionally agreed to provide the Group the premises for use for the License term from 1 April 2017 to 31 March 2020. The premises, approximately 4,755 square feet by salable area, is a portion of the whole of the 27th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong. It is used as the Company's principal place of business in Hong Kong. The New License Agreement was approved by the Shareholders at the extraordinary general meeting on 26 May 2017. During the Year, the aggregated license fees paid/payable by the Company was HK$9,210,000.

OPMSL is a connected person of the Company because it is an associate of OPFGL, a substantial shareholder of the Company under Chapter 14A of the Listing Rules. The New License Agreement constituted a continuing connected transaction of the Company.

(b) Fully exempt continuing connected transactions

Service Agreement

On 29 July 2019, the Company entered into a Service Agreement (the "Service Agreement") with Finance Center for South-South Cooperation Limited ("FCSSC"), pursuant to which FCSSC has agreed to provide a number of services to the Company with a term of three years from 30 July 2019, and the principal and interest of HK$9,975,000 payable by FCSSC under the Promissory Note (details are set out in the section of "Promissory Note") shall be used to fully set off against the service fee of HK$9,975,000 payable by the Company to FCSSC on one-off basis, and the Company shall have no further obligation to pay any expenses.

FCSSC is owned as to 50% by Mr. Zhang Zhi Ping and Mr. Zhang Zhi Ping is an executive Director of the Company. Therefore, FCSSC is an associate of Mr. Zhang Zhi Ping and a connected person of the Group under the Listing Rules. The Service Agreement constitutes a continuing connected transaction fully exempt from the requirements under Chapter 14A of the Listing Rules. Mr. Zhang Gaobo serves as the Vice-President of FCSSC and also the Chairman of the Board of the Company. Dr. Wu Zhong serves as the Vice-President and Director-General of FCSSC and also a non-executive Director and the Deputy Chairman of the Board of the Company. This transaction has been approved by the INEDs of the Company. As all of the applicable percentage ratios (other than the profits ratio) with reference to the largest annual cap of the Service Agreement are less than 0.1%, this transaction is fully exempted from the requirements under Chapter 14A of the Listing Rules.

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. As of 31 March 2020, the Service Agreement had been terminated by the Company with the closure of security account in Hang Seng Bank and no fee was incurred or paid to Hang Seng Bank in this regard during the Year.

The custodian is regarded as a connected person of the Company by virtue of Rule 14A.08 of the Listing Rules. The Custodian Agreement constituted a continuing connected transaction fully exempt from the requirements under Chapter 14A of the Listing Rules.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (continued)

(c) Connected transactions exempt from the circular (including independent financial advice) and shareholders' approval requirements

Promissory Note

The Company entered into the Subscription Agreement with FCSSC on 20 June 2016 and subscribed for the Promissory Note (the "Promissory Note") issued by FCSSC in the principal amount of HK$9,500,000 in cash for a total consideration of HK$9,500,000. Pursuant to the Promissory Note, FCSSC shall pay the total principal and interest of HK$9,975,000 to the Company on the maturity date of the Promissory Note, being 21 June 2019. The Company entered into the Service Agreement (details are set out in the section of "Service Agreement") with FCSSC on 29 July 2019, pursuant to which the principal and interest of HK$9,975,000 payable by FCSSC under the Promissory Note shall be used to fully set off against the total service fee of HK$9,975,000 payable of by the Company to FCSSC on one-off basis, and the Company shall have no further obligation to pay any expenses. Prepaid service fee of approximately HK$3,392,000 is amortized in proportion to services rendered by FCSSCL during the Year.

FCSSC is owned as to 50% by Mr. Zhang Zhi Ping and Mr. Zhang Zhi Ping is an executive Director of the Company. Therefore, FCSSC is an associate of Mr. Zhang Zhi Ping and a connected person of the Group under the Listing Rules. The Promissory Note constituted a connected transaction exempt from circular and shareholders' approval requirement under Chapter 14A of the Listing Rules. Mr. Zhang Gaobo serves as the Vice-President of FCSSC and also the Chairman of the Board of the Company. Dr. Wu Zhong serves as the Vice-President and Director-General of FCSSC and also a non-executive Director and the Deputy Chairman. This transaction has been approved by the INEDs of the Company.

(d) Fully exempt connected transactions

Securities Brokerage Commission

During the Year, the Company placed orders for buying shares in listed companies through its securities trading account maintained with Oriental Patron Securities Limited ("OPSL") and a brokerage commission ranged from 0.15% to 3.12% 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$179,000.

OPSL is a connected person of the Company because it is an associate of OPFGL, a substantial shareholder of the Company under Chapter 14A of the Listing Rules. The transactions between the Company and OPSL constituted fully exempt connected transactions of the Company under Chapter 14A of the Listing Rules.

Share Transfer Agreement

On 12 June 2019, the Company entered into a Share Transfer Agreement (the "Share Transfer Agreement") with Pennard Investments Limited ("Pennard"). Pursuant to the Share Transfer Agreement, the Company transferred to Pennard 100% of the issued shares of 東英(平潭)投資有限公司 ("東英(平潭)") at nil consideration to save administration costs as 東英(平潭) is a shell company without business operation.

Pennard is a connected person of the Company because it is an associate of OPFGL, a substantial shareholder of the Company under Chapter 14A of the Listing Rules. The transactions between the Company and Pennard constituted fully exempt connected transactions of the Company under Chapter 14A of the Listing Rules.

Agency Agreement

On 30 September 2019, the Company entered into an Agency Agreement (the "Agency Agreement") with Oriental Patron Capital Partners Limited ("OPCPL"). Pursuant to the Agency Agreement, the Company paid actual expenses of HK$1,106,000 for a term of one year from 1 October 2019 on behalf of OPCPL, and OPCPL agreed to reimburse a fee of the same amount to the Company.

OPCPL is a connected person of the Company because it is an associate of OPFGL, a substantial shareholder of the Company under Chapter 14A of the Listing Rules. The transactions between the Company and OPCPL constituted fully exempt connected transactions of the Company under Chapter 14A of the Listing Rules.

Fee Payable to RFAL

Rich Fortune Allied Limited ("RFAL") has paid HK$390,577 as part of the office rent, building management fee and government rates on behalf of the Company. Therefore, there is a fee of the same amount payable to RFAL by the Company in this regard during the Year.

Dr. Liu Zhiwei is a director and ultimate beneficial owner of RFAL and also an executive Director and the CEO of the Company. Therefore, RFAL is an associate of Dr. Liu Zhiwei and a connected person of the Group under the Listing Rules. The fee payable to RFAL constitute a connected transaction fully exempted 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 the section headed "Related Party Transactions" under Notes to the Consolidated Financial Statements.

DIRECTORS' REPORT

BUSINESS REVIEW

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

Please refer to the section headed "Investment Review" under Management Discussion and Analysis.

Principal risks and uncertainties

Please refer to the section headed "Financial Instruments" under Notes to the Consolidated Financial Statements.

Important events after the end of the financial year

Please refer to the section headed "Events after the Reporting Year" under Management Discussion and Analysis.

Environmental protection

Please refer to the section headed "Environment" under the Environmental, Social and Governance Report.

Compliance with laws and regulations

Please refer to the subsections headed "Employment and Labour Practices" and "Anti-corruption" under the Environmental, Social and Governance Report.

Operating policies

Please refer to the section headed "Operating Practices" under the Environmental, Social and Governance Report.

Company's key relationships with its employees

Please refer to the section headed "Employment and Labour Practices" under the Environmental, Social and Governance Report.

Community investment

Please refer to the section headed "Community Investment" under the Environmental, Social and Governance Report.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Company are set out in the section headed "Retirement Benefits Scheme" under Notes 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. Chen Yuming, Prof. HE Jia and Mr. WANG Xiaojun. Mr. Chen Yuming is the chairman of the Audit Committee.

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

AUDITOR

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

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

On behalf of the Board
OP Financial Limited

ZHANG Gaobo
Chairman

Hong Kong SAR, 30 June 2020

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

Code Provision C.1.2

Under Code Provision C.1.2, management should provide all members of the board with monthly updates on the issues, performance, position, and prospects, which may include monthly management accounts and materials between projections and actual results. During the year, although management accounts were not circulated to board members on a monthly basis, regular verbal reports were given by management to Directors from time to time, which Directors consider to be sufficient and appropriate in the circumstances in giving a balanced and understandable assessment of the Company's performance and enable Directors to discharge their duties.

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. It is also a regular practice of the Company to remind all Directors of the black out period and the Model Code immediately before the commencement of each black out period.

On 14 November 2019, Dr. Liu Zhiwei, the Company's executive Director, by an unintentional mistake, purchased 1,572,000 shares of the Company from the market at an average price of HK$1.3120 per share without notifying the Company although the Company had notified all Directors of the black out period of the interim results. After thorough assessment, the Company confirmed that Dr. Liu Zhiwei didn't possess any inside information of the Company when the dealings took place. Dr. Liu Zhiwei admitted breach of Rule A.3(a)(ii) of the Model Code as the dealings happened during the period of 30 days immediately preceding the publication of the Company's interim report, and breach of Rule B.8 of the Model Code as he failed to notify in writing the Chairman of the Board of the Company before the dealings.

In order to ensure compliance of the Model Code and prevent similar incidents in the future, the Company shall remind all Directors of their obligations under the Model Code and the Policy for Director and Employee Dealings in the Company's Securities more frequently.

CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS (continued)

Other than the above, all other 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 in the section headed "Directors' and Chief Executive's Interests and/or Short Positions in the Shares and Underlying Shares of the Company or Any Associated Corporations" under Directors' Report.

THE BOARD

Composition

The Board currently comprises eight members. Three of them are executive Directors, one of them is non-executive Director and the remaining four 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 expertize, 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. There is no relationship (including financial, business, family or other material relationship) among members of the Board.

As Mr. Kwong Che Keung, Gordon had retired from his post as an independent non-executive Director, the chairman of the Audit Committee, a member of the Remuneration Committee, a member of the Nomination Committee and a member of the Corporate Governance Committee of the Company with effect from the 27 August 2019, the Company failed to comply with Rule 3.21 of the Listing Rules, pursuant to which the Audit Committee must comprise a minimum of three members, at least one of whom is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise. Moreover, the number of members of the Remuneration Committee fell below the minimum number required under the Terms of Reference of the Remuneration Committee of the Company. Details of non-compliance with Rule 3.21 of the Listing Rules are set out in the announcement of the Company dated 27 August 2019.

With effect from 23 October 2019, Mr. Chen Yuming has been appointed as the chairman of the Audit Committee, a member of the Remuneration Committee, a member of the Nomination Committee and a member of the Corporate Governance Committee of the Company. He has appropriate professional qualifications, accounting and related financial management expertise, and is suitable for the positions with the requirements of Rule 3.21 of the Listing Rules and Terms of Reference of the Remuneration Committee of the Company. Details of appointment of Mr. Chen Yuming are set out in the announcement of the Company dated 23 October 2019.

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.

CORPORATE GOVERNANCE REPORT

THE BOARD (continued)

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. 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 Gaobo and Dr. Liu Zhiwei 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 Independent Non-executive Directors

To determine the independent 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 from their appointment until the conclusion of the next general meeting. 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. 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.

Prof. He Jia has been appointed as INED since 2002 and Mr. Wang Xiaojun has been appointed as INED since 2004. As they have been serving more than 9 years, their further appointments shall be approved by the Shareholders at the annual general meeting. Each of Prof. He Jia and Mr. Wang Xiaojun will offer themselves for re-election at the forthcoming annual general meeting. In assessing the independence of Prof. He Jia and Mr. Wang Xiaojun, the Board and the Nomination Committee have taken into account the following factors: 1) they do not hold any issued share of the Company; 2) they have never received any interest in any securities of the Company as a gift, or by means of other financial assistance, from a core connected person or the Company itself; 3) they are not employee, director, partner or principal of any professional adviser which provides services to the Company, its holding company or any of their respective subsidiaries or core connected persons, or any controlling shareholder, chief executive or director; 4) they do not have any material interest in any principal business activity of or are involved in any material business dealings with the Company, its holding company or their respective subsidiaries or with any core connected persons of the Company; 5) they are not on the board specifically to protect the interests of any entity whose interests are not the same as those of the shareholders as a whole; and 6) they are not connected with any director, chief executive or substantial shareholder of the Company. There is no evidence that their tenure has had any impact on their independence. Therefore, the Board and the Nomination Committee believe that both Prof. He Jia and Mr. Wang Xiaojun continue to demonstrate the attributes of an INED and their detailed knowledge and experience of the Group's business and their external experience continue to be of significant benefit to the Company.

Mr. Chen Yuming and Dr. Fu Weigang have been re-designated from non-executive Directors to independent non-executive Directors with effect from 15 July 2019. Since their appointment as Non-executive Directors on 29 June 2018, they have not held any management or executive role in the Company other than holding the office of Non-executive Directors and attending Board meetings. They and their immediate family members are not connected with any Director, chief executive or substantial shareholder of the Company. They and their immediate family members did not have any material interest in any business activity of or were involved in any business dealings with the Company, its holding company or any of their subsidiaries or with any core connected persons of the Company. They and their immediate family members are not financially dependent on the Company, its holding company or any of their subsidiaries or core connected persons of the Company. As at the date of this report and within the meaning of Part XV of the SFO, Mr. Chen Yuming and Dr. Fu Weigang do not have any interests in the shares of the Company.

Other than the above, the Board is satisfied that none of the factors set out in Rule 3.13 of the Listing Rules applies to their re-designation as independent non-executive Directors. Accordingly, the board is satisfied and has demonstrated to the satisfaction of the Stock Exchange that they are independent to act as independent non-executive Directors pursuant to Rule 3.14 of the Listing Rules.

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, corporate governance, the latest development of the industry or the Directors' duties and responsibilities. Each Director has confirmed that he has participated in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations. During the Year, the Company Secretary undertook no less than 15 hours of relevant professional training.

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 general meetings, 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.

There were 6 full Board meetings, 3 Audit Committee's meetings, 2 Remuneration Committee's meetings, 3 Nomination Committee's meetings, 2 CG Committee's meetings and 1 annual general meeting for the Year.

The attendance record of each Director was as follows:

	Meetings attended/held					
Name of Directors	**General** (Note)	**Regular Board** (Note)	**Audit Committee** (Note)	**Remuneration Committee** (Note)	**Nomination Committee** (Note)	**CG Committee** (Note)
Executive Directors						
Mr. Zhang Zhi Ping	0/1	3/6	–	–	–	1/2
Mr. Zhang Gaobo	1/1	6/6	–	–	3/3	2/2
Dr. Liu Zhiwei	0/1	3/6	–	–	–	–
Non-executive Director						
Dr. Wu Zhong	0/1	6/6	–	–	–	–
Independent non-executive Directors						
Prof. He Jia	0/1	6/6	3/3	2/2	3/3	2/2
Mr. Wang Xiaojun	0/1	6/6	3/3	2/2	3/3	2/2
Mr. Chen Yuming	0/1	6/6	2/3	1/2	0/3	1/2
Dr. Fu Weigang	1/1	6/6	–	–	–	–

Note: The attendance figure represents actual attendance/the number of meetings a director is entitled to attend throughout the Year.

Performance Evaluation

The executive Board conducts 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.

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.

Audit Committee

Prior to Mr. Kwong Che Keung, Gordon's retirement as the chairman of the Audit Committee on 27 August 2019, the Audit Committee comprised three INEDs, namely, Mr. Kwong Che Keung, Gordon, Prof. He Jia and Mr. Wang Xiaojun. Following the appointment of Mr. Chen Yuming as the chairman of the Audit Committee on 23 October 2019, the Audit Committee comprises three INEDs, namely, Mr. Chen Yuming, Prof. He Jia and Mr. Wang Xiaojun.

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

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (continued)

Remuneration Committee

The Remuneration Committee comprises three INEDs, namely, Mr. Wang Xiaojun, Prof. He Jia and Mr. Chen Yuming. 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; and

- reviewed the Company's existing remuneration policy. The remuneration of the members of the senior management by band for the Year is set out in the section headed "Directors and Senior Management's Emoluments" under Notes to the Consolidated Financial Statements.

Nomination Committee

The Nomination Committee currently comprises one executive Director, Mr. Zhang Gaobo and three INEDs, namely, Mr. Chen Yuming, Prof. He Jia and Mr. Wang Xiaojun. Mr. Zhang Gaobo is currently 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.

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. All re-appointments were approved by the Shareholders at the AGM held on 27 August 2019.

Corporate Governance Committee

The Corporate Governance Committee currently comprises two executive Directors, namely, Mr. Zhang Zhi Ping and Mr. Zhang Gaobo, and three INEDs, namely, Mr. Chen Yuming, Prof. He Jia and Mr. Wang Xiaojun. Prof. He Jia is the chairman of the Corporate Governance Committee.

The major role and function of the Corporate Governance 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 Corporate Governance 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 Corporate Governance Code and relevant disclosure in the annual report for the year ended 31 March 2019 and the interim report for the period from 1 April 2019 to 30 September 2019. Except for the Company's non-compliance with Code Provision C.1.2 of the CG Code and Rule 3.21 of the Listing Rules, and Dr. Liu Zhiwei's breach of Rule A.3(a)(ii) and Rule B.8 of the Model Code, which have been disclosed in this Corporate Governance Report, the Corporate Governance Committee concluded that the Company has complied with other requirements of the Corporate Governance Code and all other Directors have fully complied with the Model Code during the Year. The disclosure in this Corporate Governance Report has also been reviewed by the Corporate Governance Committee.

CORPORATE GOVERNANCE REPORT

NOMINATION POLICY

1. Criteria for the selection and recommendation of candidates for directorship

The Nomination Committee should consider the following criteria when selecting and recommending candidates for directorship:

(i) Experience and expertise: whether the candidates have the professional qualifications, skills, knowledge, expertise and experience relevant to the business development of the Company.

(ii) Integrity and character: whether the candidates are a person of honesty, integrity and have a good reputation.

(iii) Time commitment: whether the candidates can provide sufficient time to discharge their duties as a director, including attending board meetings, participating in director training and other matters of the Company.

(iv) Diversity policy: whether the candidates satisfy the Board Diversity Policy of the Company, including but not limited to gender, age, cultural and educational background.

(v) Independence: whether the candidates for independent non-executive Director satisfy the independence requirements of the Listing Rules, have a conflict of interest with the Company, are independent in character and judgment, and able to act on behalf of and in the best interests of the shareholders of the Company as a whole.

(vi) Other factors that the Board or the Nomination Committee may further consider from time to time.

2. Nomination procedures

(1) Appointment of new director or replacement of director

(i) Upon receipt of the proposal on appointment of new director or replacement of director, the Nomination Committee identifies and selects candidates through various channels, including but not limited to shareholders, Directors, management, the Company's human resources department and external headhunting companies.

(ii) The Nomination Committee may evaluate candidates in such manner as they think fit, including but not limited to face-to-face interviews, background checks, and third-party verification.

(iii) The Nomination Committee submits the list of shortlisted candidates to the Board for consideration. The Board, after consideration, makes the final decision on the appointment of the candidate based on the recommendation by the Nomination Committee.

(2) Re-election of director and nomination by shareholder

(i) The Board should review the contribution of the retiring director to the Company and his/her level of participation and performance on the Board. The independence and the year of service should also be considered for the retiring non-executive director. Where a retiring director, being eligible, offers himself for re-election, and the Board considers appropriate, the Board shall recommend such retiring director to stand for re-election at a general meeting. A circular containing the information on such retiring director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules.

(ii) No person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless, during a period, which shall be at least seven days, commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than seven days before the date of such meeting, there has been given to the Secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

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$1,900,000 (2019: HK$1,367,000) and HK$411,000 (2019: HK$376,000) 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 fees paid to the other component auditors in respect of audit services amounted to HK$66,000 (2019: HK$71,000).

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".

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.

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, and such requisitionist shall hold as at the date of deposit of the requisition not less than 10% of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS (continued)

Convening of Extraordinary General Meeting (continued)

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 was held at the principal place of business of the Company on 27 August 2019. All resolutions proposed at the AGM were duly passed. Details of the poll results were posted on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board is responsible for maintaining a sound and effective risk management and internal control systems particularly in respect of the controls on financial, operational, compliance and risk management, to achieve the Group's business strategies and business operations and safeguard the Shareholders' investment and the Group'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 risk management and internal control system. The objective of this internal audit services was to assist the Audit Committee and the Board of Directors in carrying out their responsibilities in accordance with Code Section C.2 of the Corporate Governance Code ("Code" - Appendix 14 Main Board Listing Rules) to conduct a review of the effectiveness of the Group's risk management and internal control systems and to report the findings in the Corporate Governance Report. Such review covered all material controls, including financial, operational and compliance controls and risk management functions. The internal auditor's report concluded that generally effective internal controls were in place and the Group's manage conducted proper risk assessment and management. The internal auditor also recommended that the Group should devise more suitable credit management policies and procedures. In terms of the risk assessment and asset management, the internal auditor was of the view that major risks faced by the Group were similar with those of last year and new risks included the pandemic outbreak of the COVID-19 virus and its impact to employees and to the business. The internal auditor still considered the investment risks and credit risks as the highest potential risks of the Group.

The Audit Committee was of the view that there was no material defect in the Group's risk management and internal control system, but the Group shall consider the internal auditor's recommendations with regard to investments, especially debt investments to enhance the Group's effectiveness of risk management and internal control.

After discussion with the Audit Committee, the Board was of the view that the existing risk management and internal control systems were generally effective to the Group, but the Group should consider the internal auditor's recommendations regarding risk management and internal control to support the growth of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING BOUNDARIES

OP Financial Limited (the "Company") is pleased to release the Environmental, Social and Governance (ESG) Report (the "Report") for the year ended 31 March 2020 (the "Year") to demonstrate its commitments and efforts in the pursuit of sustainable development. Covering the Company's investment business based in Hong Kong, the Report outlined the policies and practices of ESG performance during the Year.

REPORTING PRINCIPLES

Materiality: The Company communicates with different stakeholders on a regular basis, so as to better understand ESG-related issues that matter the most. Meanwhile, the Company is concerned with ESG development within and outside the industry, trying to align with available global standards as well as incorporating it into the Company's strategic development planning.

Quantitative: Social KPIs in the Report are retrieved from the Company's internal record system, and the environmental KPIs are with reference to Appendix 2: Reporting Guidance on Environmental KPIs.

Balance: Balance is one of the Company's reporting principles when preparing the Report. The Company strives to impartially disclose both challenges and opportunities of ESG-related performance that matters to it.

Consistency: Since 2016/17, the Company's disclosures have been complying with Appendix 27 of the Listing Rules and allowing for comparison of ESG quantitative performance over time.

MESSAGE FROM THE BOARD OF DIRECTORS

The Company adheres to its mission "Linking Opportunities to Value" when gradually incorporates impact investing into its investment strategy as ESG currently has become increasingly important. By making such investments, the Company expects to generate not only positive financial returns but also beneficial social or environmental impacts. Similar to many other investors who are concerned with social and environmental impact, the Company has made a number of investments in the environmental protection and natural resources conservation sector in recent years, and is expected to invest more going forward. However, the high volatility of the financial markets as a result of the novel coronavirus pandemic sweeping the globe may exert pressure on the Company's financial performance, deal exit plans and fundraising results, which will, in turn, affect its investment activities.

The Board of the Company is accountable for sustainable development in respect of environmental and social responsibilities while balancing the Company's financial performance. The Board designates an ESG working group to identify as well as assess material ESG-related risks and opportunities for the Company. The working group consists of members from different departments and directly reports to the Board. Moreover, the Company spares no effort to incorporate environmental initiatives into its daily operations to promote green office practices and ensure those green measures are in effect. In the meantime, the Board believes in being a family-friendly employer and a community-friendly corporation would bring a positive impact to the Company's business.

ESG WORKING GROUP

Under the supervision of the Board, every aspect of ESG is managed and facilitated by an ESG working group. The working group comprises employees from the departments of compliance, corporate communication, human resources and finance. The working group is responsible for formulating and executing annual ESG plan, organising internal ESG-related activities and attending external events if available. In addition, the working group has also developed a series of processes related to ESG activities and drafting ESG reports, including but not limited to applying for ESG awards for the Company, and working with relevant parties internally and externally to collect, consolidate and analyse ESG-related data. During the Year, the representatives of the Company attended various ESG-themed events, such as SME Corporate Social Responsibility Communication seminar.

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COMMUNICATION WITH STAKEHOLDERS

The Company believes that respecting stakeholders' opinions, understanding their expectations and trying to meet their expectations would help the Company gain their trust and support. Therefore, the Company communicates with its employees to collect their opinions on a regular basis. The area of concerns of employees and management are shown below by respective priority.

Materiality	Employees	Management	Engagement channel
1	Employment	Energy conservation and emission reduction	Internal review meetings, emails, surveys
2	Training and development	Use of resources	Internal review meetings, emails, surveys
3	Occupational health and safety	Occupational health and safety	Internal review meetings, emails, surveys

Given both employees and management are concerned with occupational health and safety, the Company has devoted more resources in response to improve the office environment during the Year. For more details, please refer to the section headed "**Occupational Health and Safety**".

1. ENVIRONMENT

Believing in "we do not inherit the earth from our ancestors; we borrow it from our children", the Company is dedicated to developing business without sacrificing the environment.

First and foremost, the Company strictly complies with all environmental laws and regulations and prohibits to the utmost any relevant illegal or violating activities. During the year, there was no non-compliance with the environmental laws and regulations. Second, the Company has established five general principles to build a green office and encourages all staff to follow (please refer to the chart on right). Various measures with reference to the 5Ps green office principles have been adopted. Third, the Company attaches great importance to environmental threats and negative impacts caused directly or indirectly by its business operations and carefully assesses and regularly monitors it.

Five Principles (5Ps) on green office

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- Use only when necessary
- Reduce, reuse & recycle
- Adopt energy saving practices
- Think before print
- Use public transport

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1.1 Emissions

Greenhouse Gases (GHG) Emission

GHG emission is a key indicator to assess environmental performance. The Company considers the emission reduction as a long-term objective and has collected and quantified the emission data since 2017 to better understand the emission caused and conduct internal control. Due to the business nature of the Company, its daily operations mainly generate indirect GHG emissions. The sources of GHG emissions of the Company are primarily business travels, operated vehicles and purchased electricity.

The Company has realized that the Scope 1 and 2 GHG emissions for 2019/20 are higher than that for 2018/19, for which the contributing reasons were that the Company relocated to a new office during the Year, which is more spacious and provides a better working environment for employees, but consumes more electricity and water as well. The increase was also attributable to the higher frequency of business trips via vehicle to support its business development. The Company will continue to monitor relevant data and set the plan for carbon reduction going forward.

The Scope 3 GHG emission for 2019/20 was reduced significantly by 39.8% as compared to last year. Business travel is sometimes inevitable due to the Company's business nature. However, the Company has noticed distance transportation is another critical factor triggering and worsening climate change, and therefore has been encouraging employees to avoid unnecessary business trips and utilize online communication channels as well as video conferencing facilities provided by the Company to conduct business activities if possible. At the same time, high-speed trains must be prioritized over flights whenever options are available. Furthermore, employees are required to choose accommodations in the vicinity of working locations when business trips are necessary.

As a result of above, the total GHG emissions for 2019/20 decreased year-over-year, and the GHG emissions intensity per building area decreased dramatically by 81.2% as compared with 2018/19 partially thanks to the Company's ESG efforts.

Indicator	**Units**	**Total emissions for 2019/20**	**Total emissions for 2018/19**
Scope 1 (Direct emissions) [1]	CO_2e tonnes	22.05	16.66
Scope 2 (Energy indirect emissions) [2]	CO_2e tonnes	51.54	30.66
Scope 3 (Other indirect emissions, flight travel only) [3]	CO_2e tonnes	94.69	157.31
Total GHG emissions [4] (Scope 1, 2 and 3)	**CO_2e tonnes**	**168.28**	**204.63**
Total GHG emissions intensity per building area	**CO_2e tonnes/m^2**	**0.13**	**0.69**
Nitrogen Oxides (NOx)	kg	3.06	2.71
Sulfur Oxides (SOx)	kg	0.12	0.09
Particulate Matter (PM)	kg	0.23	0.20

Note:

1 Scope 1 refers to the direct emissions from vehicles that are owned by the Company.

2 Scope 2 refers to the indirect emissions resulting from the generation of purchased electricity consumed within the Company.

3 Scope 3 refers to other indirect emissions from flight travel by employees.

4 GHG emissions calculation refers to the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose) in Hong Kong and the electricity emission factor adopts the latest one published by the Hong Kong Electric Investments.

5 Air pollutant emissions are calculated with reference to Appendix 2: Reporting Guidance on Environmental KPIs, published by the Stock Exchange.

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1.2 Use of Resources

Waste Management and Packaging Materials

Due to its business nature, the Company does not pose a significant impact on the environment. The Company has adopted a 3Rs (Reduce, Reuse and Recycle) approach to handle paper usage and waste management. Moreover, to reduce paper usage and waste production and encourage employees to adopt paper recycling practices in the office, the Company has implemented a number of measures, including but not limited to:

- Reusing single-side-used waste paper and cardboard;
- Setting duplex printing and black and white printing as default;
- Deploying an e-fax system in the office; and
- Posting paper-recycling tips near paper collection points.

During the Year, the Company has relocated to a new office in Central where the property management firm is responsible for non-hazardous waste disposal, and as a result, the Company did not quantify the total number of waste disposed. By a rough estimation, there were about 1.68 tonnes of non-hazardous waste generated, which is similar to last year.

Hazardous waste generation is not applicable to the Company in general due to its business nature. However, there are a handful of exhausted compact fluorescent lamps, batteries, cartridges and toners produced in the office. Most of those wastes are collected and handled by the property management office of the building while exhausted cartridges and toners are collected by its service provider.

In addition to non-hazardous and hazardous waste, key performance indicators A2.5 regarding packaging material used is not applicable to the Company as the business of the Company is investment.

Energy and Water Consumption

As known, energy is an output from the combustion of fossil fuels which are exhaustible and non-renewable. Unfortunately, energy is an indispensable element in the daily operation of modern society. Moreover, fossil fuel combustion amplifies GHG emissions and releases a great amount of pollutants into the atmosphere to a certain extent. In view of that, the Company's office is deliberately designed as an open office area to allow better ventilation and natural light. Different energy-saving measures have been adopted as below in the hope of further lowering energy consumption and alleviating climate change:

- Clear light zoning diagram is established for the ease of lighting control;
- Natural light, LED, T5 or compact fluorescent lamp with energy label (EMSD's Grade 1 and 2 or equivalent) is adopted and no tungsten filament lamp is used in the office;
- Energy-saving mode is in place and activated in each computer and monitor;
- Particular staff are assigned to control the turning on and off of light, office equipment and appliances before and after office hours;
- Reusable utensils are provided in the pantries to reduce the use of disposable plastic utensils;
- Clear air-conditioning zoning diagram is established for the ease of control of air-conditioning;
- Air-conditioning system is well cleaned regularly to keep energy efficiency;
- Energy-saving reminders are placed at prominent locations to remind employees of saving energy;
- Equipment of video conferencing is procured and installed in the office to reduce the need for business trips; and
- Eco-friendly products with energy efficiency labels are prioritized over non-eco-friendly ones when procuring.

The overall water consumption of the Company is relatively low. Even so, the Company diligently reduces the use of water by placing reminder at the pantries and has installed water taps with motion sensors to eliminate unnecessary water discharge. The Group has no difficulties in sourcing water.

Indicators	Units	Total consumptions for the Year	Intensity (per m^2)
Electricity purchased	kWh	63,628.00	49.21
Unleaded petrol	Litre	8,290.61	6.41
Water Consumption	m^3	317.40	0.25

1.3 The Environment and Natural Resources

Green Office and Eco-Healthy Work Place

Environmental protection cannot be achieved without the support and cooperation from employees. The Company has actively participated in the Green Office Awards Labelling Scheme (GOALS) organized by the World Green Organization (WGO) since 2016 to evaluate and enhance its environmental footprints. Due to its unremittingly great efforts in executing green practices and advocating sustainable development, the Company has received the awards of Green Office and Eco-Healthy Workplace from WGO for four years consecutively. To meet the GOALS Green Office Best Practice Criteria, the Company, together with all employees, has adopted multiple green initiatives from the perspectives of energy saving, water saving, paper reduction, green procurement, as well as education and awareness. Employees share this honor and are highly motivated.

Environmental Education and Activity

Given the importance of sustainability for the future of the earth, the Company, as a socially responsible corporate, is determined to make contributions to slowing down the pace of resources depletion and ecosystem degradation. Therefore, the Company has been proactively seeking to improve its green activities endeavouring to advocate sustainability. The Company has been working with an environmental consultant, WGO, to monitor its environmental performance and suggest areas of improvement. Employees are invited to join diversified activities regarding ESG issues to enhance their awareness on environmental protection. However, the number of ESG activities initiated each year might differ depending on the annual plans of the Board of Directors on the overall balance of resources devoted among different types of ESG efforts made by the Company.

For new employees, as an integral part of its orientation program, the Company demonstrates its green office best practices and encourages newcomers to adopt.

2. SOCIAL

2.1 Employment and Labour Practices

The Company acknowledges that employees are its most valuable assets. This drives the Company to create an engaging, harmonious, fair and safe working environment for the employees. Since the Company strives to keep enhancing its performance in respect of social responsibility, as a result, it has been constantly improving the working environment, and providing competitive remuneration packages in line with the market as well as transparent promotion channels. The Company strictly complies with the employment ordinance of Hong Kong, where it is based. During the Year, there were no non-compliance cases regarding compensation and dismissal, recruitment and promotion, equal opportunities, diversity, or discrimination.

Fair and equal employment and recruitment procedures are adopted by the Company. Any forms of discrimination are prohibited. Recruitment is simply based on candidates' experience, abilities and positions' requirement, regardless of candidates' race, gender, age, marital status, religion and nationality. Any high performance candidate or employee can be hired or promoted, while all employees are eligible for receiving trainings to facilitate the improvement of their performance and accelerate their personal career development. In addition, child labour is not allowed in the Company. As a mandatory procedure, the Company checks identity cards and relevant documents of candidates during the recruitment process to ensure the regulatory working age is met before on-boarding. If necessary, the Group will seek assistance from relevant institutions. Upon joining, all new employees will receive a copy of the employee handbook which clearly states the Company's policies, employment guidelines and the Code of Conduct, etc.

Team structure

As at 31 March 2020, the Company employed 43 full-time employees, who are all based in Hong Kong. The total workforce breakdown is set forth by the following table.

By Gender	No.	By age	No.	By employee category	No.
Male	27	18-24	0	Senior Management	8
Female	16	25-34	13	Middle Management	6
		35-44	12	Supervisor	4
		45-54	6	General Staff	25
		55-64	7		
		65 or above	5		

Benefits and Welfares

All employees of the Company are entitled to various statutory holidays and paid leave, such as sick leave, maternity and paternity leave, study and examination leave, through which the Company aims to encourage employees to take sufficient rest to maintain a good health condition and keep enhancing their professional skills and qualifications. The Group neither encourages nor forces employees to work overtime.

In return for the hard work of and great contributions by its employees, the Company benchmarks salaries against industry norms annually to maintain a competitive remuneration package and attractiveness for excellent employees. In the meantime, all employees shall participate in the annual appraisal program to have their performance reviewed. Based on the appraisal results and the financial performance of the Company as a whole, the year-end bonus and adjustment of remuneration package of each employee will be determined. By doing so, the Company strives to create a fair and highly motivating working environment to maximize business performance and employees' morale.

In addition, the Company is committed to be a family-friendly employer, where the arrangement of working time and rest days fully complies with applicable laws and regulations. Furthermore, several employee-oriented employment practices have been adopted to enhance employees' sense of belongings and work-life balance, for instance, five-day workweeks, flexible leave application, facilities for breastfeeding of working mothers, and family recreational activities including annual dinner to share warmth and happiness among fellow colleagues. Thanks to these employee care policies, the Company was honourably awarded "Family-Friendly Employers" and "Awards for Breastfeeding Support" in the Family-Friendly Employers Award Scheme 2017/18, which was organized by the Family Council of Home Affairs Bureau in 2018 and valid for two years.

Employees' safety has always been the Company's priority when it comes to the arrangement during unusual times. Since late January this year, the Coronavirus has caused a global pandemic and endangers people's health and life. Hong Kong, where the Company is based, is one of the cities that suffered from the early outbreak of the virus as well as the imported cases from abroad later. During the long-lasting fight with Coronavirus, the Company has taken multiple measures to make its employees less exposed to the danger of infection while respecting employees' privacy at the same time. The measures include but are not limited to:

i) Allowing working from home and flexible working hours during the outbreak of Coronavirus in Hong Kong;

ii) Applying the requirement of 14-day self-quarantine to the employees who returned from Mainland China after Chinese New Year and those who are the same-residential-building neighbour of confirmed cases;

iii) Disinfecting office at regular intervals including employees' desktops and keyboards;

iv) Reminding employees of maintaining high level of personal hygiene and providing hygiene products in office.

2.2 Occupational Health and Safety (OHS)

The Company remains highly attentive and responsible for providing a safe, healthy and comfortable working environment for employees. OHS procedures and policies are clearly stated in the employee handbook and the significance of having a reasonably sound body and mind is also highly advocated. The Company's caring for employees' OHS has been fully reflected in its new office, where:

i) Chairs with height adjustable seat, height adjustable armrest and tilting backrest are provided for employees as a basic requirement;

ii) Desktop monitors are provided for laptop users to turn the laptop into a desktop computer in order to align eye level and preventing neck injuries;

iii) Adequate ventilation is maintained to the extent that air exchange rate complies with referenced building guideline or standard;

iv) Carpets are cleaned regularly;

v) Work areas are located away from windows and computer screens are placed at a right angle to the windows, while at the same time, sunlight through windows is able to be screened by reflectors;

vi) Water dispenser is cleaned regularly in order to ensure the drinking water quality for employees and water in pots, cups and plants is cleared out regularly to avoid water stagnation;

vii) Workstation space is not less than 800W x 800D mm.

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All full-time employees are entitled to a medical plan covering out-patient clinical visits, hospitalization, dental checkups and surgical treatment. The Company has upgraded the medical plan during 2018/19 to offer a better coverage in response to the opinions collected from employees during the Company's stakeholder engagement activities. The upgraded plan covers body checkups, vaccinations and vision care, which were not included in the previous plan, and increases the upper limit of each claim of dental consultation. To make the medical claims more convenient for employees, the Company has worked with the insurance service provider to adopt an e-claim mobile application. The dependents of employees can also join the medical plan voluntarily at an extra cost.

Aside from the medical plan, the Company also provides travel insurance as an extra protection, especially for the employees who have frequent business trips. There were no work-related fatalities or injuries recorded within the Company during the Year, and as a result, there were no resulting work-related lost days recorded. The Company has achieved zero work-related fatality and injury in the past three years consecutively, although the Company does have a mechanism in place to offer immediate support to the injured, launch investigations to examine root causes and take corrective actions to avoid recurrence, in case any accidents occur.

2.3 Training and Development

The investment business is highly sensitive to the changes in economic and market conditions and also needs to follow closely the adjustment of applicable laws and regulations. Therefore, the Company arranges employees to attend professional training programs in accordance with corresponding job duties. Alternatively, employees can spontaneously identify relevant trainings based on their respective job duties to attend with the Company's permission. Besides, the Company also provides expense reimbursement and paid leaves for employees' examination and training to encourage and support them to further develop their job-related skills and knowledge for career development by taking examinations or taking external courses with recognized institutions.

During the Year, the company offered 158 training hours in total to 6 employees, or averagely 26.3 hours per trained employee. A detailed training analysis is shown in the table below:

By Gender	As a percentage of all employees	Average training hours per trained employee	By employee category	As a percentage of all employees	Average training hours per trained employee
Male	11.6%	30.4	Senior Management	0	0
Female	2.3%	6	Middle Management	4.7%	40
			Supervisor	0	0
			General Staff	9.3%	19.5

3. OPERATING PRACTICES

3.1 Supply Chain Management

The Company does not heavily rely on supply chain for its business due to its business nature. However, to support its daily operation, the Company does engage with a few suppliers and service providers primarily for office supplies. The Company is committed to providing a transparent and fair procurement process, during which the selection criteria include not only price, quality and delivery time, but also the suppliers' reliability and reputation. Beyond that, the Company is also gradually adopting green procurement practices giving preference to those environmentally-responsible suppliers or service providers as well as environmentally-friendly products such as electrical devices with energy-saving label and paper bearing eco-label, in an effort to encourage and propel more companies to go green. Evaluation of existing suppliers is conducted annually to ensure that suppliers' performances meet tender requirements and are in line with bidding documents.

3.2 Product Responsibility

Sustainable Investing

As an investment company, OP Financial has been endeavoring to improve the environment through its investment activities leveraging its capital strength and at the same time, pursue decent financial returns for shareholders. In the past few years, the Company has screened several projects that are in line with its "green" strategy, among which it invested in two companies engaging in sustainable business. In addition, the Company also cooperated with Beijing Enterprises Water Group Limited ("BEWG", stock code: 0371.HK) in 2017 to facilitate the establishment of BE Financial Service (Beijing) Investment Holdings Limited ("BEFS").

During the Year, the Company made an investment amounting to HK$65.00 million into 德興市益豐再生有色金屬有限責任公司 ("益豐"), which specializes in non-ferrous metal recycling in Jiangxi Province, PRC. As one of the largest hazardous waste treatment companies in the province in terms of capacity, 益豐 principally engages in non-hazardous treatment of industrial metal residues, from which it recycles metals, including but not limited to copper, tin and zinc, for manufacturing new products, such as anode copper, zinc sulfate monohydrate and refined tin, etc.

Besides, the Group also made a prepaid consideration amounting to HK$494.46 million during the Year pursuant to the purchase agreements signed in June 2019 through one of its subsidiaries with the seller, under which the Group determined to purchase a total of 63,202,590 shares, or 19.9% of total capital of Dagang Holding Group CO., LTD. (stock code: 300103.SZ, hereinafter referred to as Dagang Holding Group). The total consideration of RMB695.23 million is agreed to be paid in instalments based on certain contractual terms. Up to 31 March 2020, RMB450 million was prepaid according to plan. Dagang Holding Group has penetrated into the environmental protection industry beyond its existing business, which is designing, manufacturing, selling and providing technical service for road machinery. Dagang Holding Group acquired 52% of the total equity of 眾德環保科技有限公司 in 2019, which engages in non-ferrous metal recycling based in Hunan Province, PRC.

With respect to the establishment of BEFS, OP Financial committed RMB200 million for 20% registered capital in BEFS and has paid up the first capital call of RMB40 million (equivalent to HK$46.64 million) in August 2017. As an essential financial service platform for BEWG, which is a comprehensive and leading professional water environment service provider serving not only China but also international markets, BEFS works along with its subsidiaries to provide comprehensive services of fund investment, financing and management for BEWG's Public-Private Partnership (PPP) projects in relation to environmental protection and water conservation in China. Through the investment in BEFS, OP Financial aims to make contributions to water resource recycling and water environment improvement on the planet.

Over the past few years, BEFS has raised over RMB9 billion to invest in more than 10 projects in Mainland China, including but not limited to:

i) The suburb wastewater treatment as well as the urban and rural pipe network building projects in Yixing, Jiangsu Province;

ii) The comprehensive improvement of the water environment of Beijing Xingfeng River basin;

iii) Social security housing projects in Taizhou, Zhejiang Province;

iv) The municipal wastewater treatment and pipe network maintenance projects of Qinhuangdao, Hebei Province;

v) The water environment improvement project in Baoding, Hebei Province;

vi) The comprehensive improvement PPP projects in Lufeng and Wuding County, Yunnan Province, and

vii) Some other projects that were mainly conducted through revitalizing BEWG's stock assets.

During the Year, the Company invested a total of over HKD550 million in companies engaging in environmental protection business.

There were no products sold or shipped subject to recalls for safety and health reasons and no complaints received either during the Year due to the Company's business nature.

Sensitive Data Handling

The Company attaches great significance to the security of personal data and confidential information. Strictly conforming to applicable data privacy law and regulations, the Company takes special care of personal data and confidential information generated from its business operation. The guideline and procedures of confidential information processing are well established and stipulated in the employee's handbook to guide every employee to properly handle personal data and confidential information, including:

i) All sensitive data and information must be kept in strictest confidentiality at all times;

ii) Employees are forbidden to reveal any confidential information to outsiders or any co-workers who are not directly concerned;

iii) Confidential documents that are no longer required must be shredded instead of being discarded in waste paper baskets.

Any unlawful or inappropriate act is unacceptable in the Company. Consequently, there were no non-compliance cases in regard to data privacy and intellectual property rights reported during the Year.

3.3 Anti-Corruption

Adhering to the high standards of corporate governance, the Company has zero tolerance for corruption and bribery in any form. On top of complying with applicable laws, regulations and industry standards, the Company has also formulated its own anti-corruption policies, i.e. Policy on Acceptance of Advantage and Handling of Conflict of Interests, which clearly stipulates unacceptable behaviors and reporting procedures. Refresher training is offered to employees on a regular basis to acquaint them with the latest changes in relevant laws and regulations as well as new case studies. In addition, to fulfil the requirement of corresponding professional qualifications, employees are required to attend a certain amount of training each year, covering a wide range of compliance aspects in the finance market and anti-corruption is absolutely one of them.

Under the existing guidelines issued by the Securities & Futures Commission, all employees are required to make a declaration of interests for those accounts in which they or their associates have beneficial interests and report all such transactions to the Company. All staff are required to sign the declaration form to avoid conflict of interest on the first day of employment. The established whistle-blowing policy enables stakeholders to report on any suspected inappropriate situations. Reported cases will be investigated and followed up by the compliance or internal auditing team. Confirmed cases will be reported to the Audit Committee of the Board and management of the Company.

Moreover, any form of extortion, fraud or money laundering is not allowed in the Company. During the Year, there were no related risks, confirmed case or public legal cases against the Company or its Directors.

4. COMMUNITY INVESTMENT

From Directors, management to employees, the Company attaches significance to community engagement at every level and has actively initiated or participated in various types of community activities with non-governmental organizations, social enterprises or educational institutes to help people in need and fulfill corporate social responsibility. Going forward, the Company is pledged to continue its efforts in community involvement.

Support for South-South Cooperation

The Directors of the Company, Mr. Zhang Zhi Ping, Mr. Zhang Gaobo and Dr. Wu Zhong, are serving as Executive President, Vice President, and Vice President and Director-General of the Finance Centre for South-South Cooperation Limited (FCSSC), which is a non-profit international organization founded in April 2014. FCSSC has been in Special Consultative Status with the Economic and Social Council (ECOSOC) of the United Nations since 2017. As a comprehensive international hub for governments, international organizations and the private sector, FCSSC strives to promote and help achieve sustainable development in countries from the Global South. Aiming at promoting cooperation and partnerships among developing countries in economy, society, ecology, culture, and technology, FCSSC primarily focuses on developing green industrial parks, serving as a think tank, enhancing capacity building, incubating social initiatives and providing financial services.

Since its establishment, FCSSC has been sparing no efforts to promote international production capacity cooperation through offering consultancy to developing countries and helping attract foreign investments by means of bridging China and other emerging economies. Besides, FCSSC has started to cooperate with the United Nations Industrial Development Organization to jointly organize the “One Belt, One Road” annual urban development conference since 2016, which aims to build a dialogue platform for stakeholders to help developing countries figure out green and new industrialization paths, innovative solutions as well as to promote the flow of trade and investment along the “Belt and Road”.

FCSSC also facilitates the sharing of experiences and best practices through holding high-level international conferences, training programs as well as establishing think tank networks and industry research institutes. During the Year, FCSSC organized and participated multiple conferences and forums, some of which are summarized and highlighted as follows:

i) In April 2019, representatives of FCSSC attended the "One Belt, One Road" Partner Conference held by Phoenix TV, of which the topics covered Sustainable Development Goals (SDGs) and global partnerships, in particular South-South cooperation and triangular cooperation. On the same day, FCSSC signed a strategic cooperation agreement with Phoenix TV to explore innovative cooperation in the field of sustainable development. In addition, the Chinese version of the report and video case collection *China's Contribution to South-South Cooperation: Cases and Implications* was jointly launched by Mr. Cai E'Sheng, Chairman of FCSSC, Mr. Jorge Chediek, United Nations Office for South-South Cooperation (UNOSSC) Director and Envoy of the Secretary-General on South-South Cooperation, Mr. Liu Diandian, Deputy Director of Phoenix Chinese Channel, and Mr. Sun Qixin, President of the Chinese Agricultural University. The report focused on the impact of the South-South cooperation model on China and the model and experience of China's participation in South-South cooperation.

ii) In April 2019, during the 2nd Belt and Road Forum for International Cooperation in Beijing, FCSSC, UNOSSC and China's Henan Provincial Government set up the "Air Silk Road" South-South Partnership Alliance, in an effort to turn Henan into an inland province with a higher degree of openness, and Zhengzhou, its provincial capital, into a world aviation logistics hub, thereby promoting the achievement of the 2030 Agenda for Sustainable Development.

iii) In May 2019, FCSSC participated and hosted the 4th "South-South Education Program for Economics and Finance" in Beijing, which gathered 21 high-level government officials and leaders from the financial institutions of the United Nations and 16 developing countries. The primary objective of the program is to promote financial education across the developing countries and develop financial leaders for South-South countries. Since 2016, the program has attracted more than 80 high-level officials, financial institution executives, and representatives of international organizations from more than 60 countries.

iv) In late May 2019, FCSSC jointly held the China-Africa Digital Financial Inclusion Summit with Chinese Academy of Financial Inclusion (CAFI) and Financial Sector Deepening (FSD Kenya) in Nairobi, Kenya. Topics of the summit covered the Digital Financial Inclusion (DFI) innovation and development across the African continent, DFI innovation and development in Kenya as well as exploring business & investment across Africa. The summit aims to strengthen exchanges and cooperation between China and Africa in the field of inclusive digital finance, improve the construction of international DFI system, explore opportunities for cooperation, and explore more models to promote the development and progress of developing regions.

v) As the trend of the new industrial revolution sweeping the globe, FCSSC and the United Nations Industrial Development Organization (UNIDO) co-organised the annual event, "BRIDGE for Cities 4.0 – Connecting Cities through the New Industrial Revolution" in Vienna, Austria in September 2019. The event was not only devoted to facilitating knowledge sharing on exploring the impact of the 4th Industrial Revolution (4IR) and how technology-driven innovation can facilitate the transition towards smart city development, but also strove to build connections among cities or regions with similar development challenges, for instance, Metropolis GZM, Poland, Sverdlovsk region, Russia and the Ruhr region in Germany. Also, the event was the first of UNIDO at the Vienna International Centre to receive the Austrian Ecolabel for Green Meetings and Green Events.

vi) With the rapid development of digital economy and blockchain application, Hainan Free Trade Port International Cooperation Forum on Digital Economy and Blockchain was held in December 2019, which was organised by Hainan Provincial Department of Industry and Information Technology and co-organised by FCSSC and Hainan Eco-Software Park and Huobi China. Bringing local and foreign representatives together, the event provided a great platform to discuss the opportunities and challenges brought by the digital economy and blockchain technology in the hope of facilitating cooperation among cities and countries.

vii) FCSSC has been highly concerned with the outbreak of the coronavirus (COVID-19) since January 2020, and has initiated a call for donation of urgently-needed medical equipment to Hubei Provence, China. Having received wide support from a number of organizations and companies, including Shenzhen Ordinary Hero Foundation, Shenzhen Lexin Charity Foundation, Green Hand Company, the Overseas Chinese Students Union in America and Real Intl SCM Corp., the initiative successfully procured 5,000 sets of medical protective worth of RMB600,000 and dispatched them to 16 hospitals, 2 public security bureaus, and 1 frontline journalist working station located in nine cities of Hubei Province, China. In addition, Lexin Charity Foundation and Shenzhen Ordinary Hero Foundation donated an additional RMB1.5 million to provide insurance coverage for 30,000 people fighting on the frontline of coronavirus.

Moreover, taking advantage of Hong Kong's position as a leading international financial center, FCSSC also raises money for South-South cooperation projects not only through market-oriented methods including fund issuance and equity investment, but also through its partner networks. The Company believes a close relationship with FCSSC is beneficial to the expansion of its international partner networks and would bring more sustainable investing opportunities.

Six Industries Research Institute of Fudan University

The Company cooperated with Fudan University in Shanghai, China and FCSSC to support the establishment of the Six Industries Research Institute of Fudan University (復旦大學六次產業研究院) in 2017 and has provided a total funding of RMB4.5 million in the last three years, out of which RMB1.5 million was devoted during the Year. The Six Industries Research Institute aims to assist Fudan University in promoting the development of applied economics and management science, based on which to facilitate the innovative projects of national food safety, high-quality elderly care, and Six-Industry-based poverty alleviation.

Hongru Forum

As a public forum, Hongru Forum (鴻儒論道) is organised by Hongru Financial Education Foundation and Shanghai Institute of Finance and Law (SIFL Institute) with the support from Oriental Patron Financial Group. Being held on a bi-weekly basis, the forum primarily focuses on the topics related to Chinese economy and the financial industry targeting the financial and legal practitioners, scholars, regulators and aspiring talents. Since its founding in 2013, Hongru Forum has had 156 sessions with nearly 19,000 people attending. In 2019 alone, there were 18 sessions covering topics of internationalisation of RMB, U.S.– China trade war, digital currency, demographics as well as urban and rural development, etc.

5. CONCLUSION

In the quest for continuous improvement, the Company will continue to keep abreast of the latest development of sustainable development and track its ESG performance and progress on a regular basis. Valuable feedback would absolutely enable the Company to improve. Therefore, please feel free to reach the Company at ir@oriental-patron.com.hk for any comments on the Report.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of OP Financial Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of OP Financial Limited (the "Company") and its subsidiaries (the "Group") set out on pages 59 to 137, which comprise:

- the consolidated statement of financial position as at 31 March 2020;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated 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 2020, 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 judgement, 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 summarised as follows:

- Valuation of level 3 financial instruments
- Assessment of expected credit losses of debt investments

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of level 3 financial instruments	
The disclosure of the fair valuation of the above level 3 financial instruments are detailed in note 4, note 5(c), note 15 and note 16 to the consolidated financial statements. As at 31 March 2020, the Group held level 3 financial instruments at fair value through profit or loss with fair value of HK$2,055.1 million and the Group's associates also held substantial level 3 unlisted equity at fair value through profit or loss. These level 3 financial instruments were valued with inputs that are not based on observable market data. The Group considered the amount of level 3 financial instruments is material to the consolidated financial statements of the Group as at 31 March 2020. We focused on this area because there is significant judgements exercised by management to determine the fair value of these level 3 financial instruments in identifying the appropriate valuation methodologies and selecting appropriate assumptions and inputs to the valuation models taking into account the possible impact of COVID-19. As part of the valuation process, management engaged an independent external valuer to assist them in estimating the fair value of certain level 3 financial instruments.	We have performed the following procedures to address this key audit matter: • We obtained an understanding of management's processes in determining the fair valuation of the unlisted financial instruments. This includes discussing the processes with management and understanding how management exercised its oversight over the valuation process. • We evaluated the independence, competence, capabilities and objectivity of the independent external valuer. • On a sample basis, we assessed and evaluated the valuation methodologies used by the Group to estimate the fair value of level 3 financial instrument as at 31 March 2020, taking into account the possible impact of COVID-19 based on the specific circumstances of those level 3 investments. • We evaluated the reasonableness of key assumptions and key inputs used by management and external valuer in the different valuation models taking into account (a) their respective contract terms, (b) relevant market conditions and businesses of level 3 financial instruments and (c) the possible impact of COVID-19 based on the specific circumstances of those level 3 investments, by performing the following procedures on a sample basis: • We evaluated market comparables, earnings multiples, marketability discounts and credit discounts used by checking to supporting evidence.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of level 3 financial instruments (continued) In light of the unquoted and illiquid nature of these level 3 financial instruments as well as the additional complexity and uncertainty brought by COVID-19, 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 assessment of fair value involved the following assumptions, in particular in respect of market comparables, earnings multiples, the application of marketability discounts, credit discounts, discount rates, the estimation of future maintainable earnings and use of recent transaction prices.	• We evaluated the reasonableness of discount rates by checking to supporting evidence. • We assessed and evaluated the assumptions made to calculate future maintainable earnings and use of recent transaction prices. • On a sample basis, we checked mathematical accuracy of the calculations of the valuation. Based on the procedures performed, we found the methodologies used were appropriate and the management's judgements and assumptions were supported by available evidence.
Assessment of expected credit losses of debt investments The disclosures about the impairment assessment of debt investments classified as assets at amortised cost are detailed in note 4, note 5(b) and note 17 to the consolidated financial statements. As at 31 March 2020, the Group held debt investments classified as assets at amortised cost of HK$1,208.3 million after provision of expected credit losses ("ECL") of HK$542.3 million. The Group assessed whether the credit risk of debt investments have increased significantly since their initial recognition, and apply a three stage impairment model to calculate their ECL. In assessing the provision of ECL, management exercised significant judgements on assumptions and the selection of data inputs used in the three-stage impairment model including probability of default, exposure at default, loss given default, discount rates and forward looking factors taking into account the possible impact of COVID-19.	We have performed the following procedures to address this key audit matter: • We evaluated management's assessment in identification of significant changes in borrowers' credit risk based on established criteria, for example, adverse change in the payment status of borrowers; • We evaluated the ECL modelling methodologies and assessed the reasonableness of key assumptions in relation to the model taking into account management assessment of possible impact of COVID-19; • We checked ECL data inputs used in the three-stage impairment model including probability of default, exposure at default, loss given default, discount rates and forward looking factors, on a sample basis, to credit-related information such as credit risk ratings and overdue status and other supporting evidence; and

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of expected credit losses of debt investments (continued)	
We focused on management assessment of ECL because the assessment of ECL involved significant management's judgements on assumptions and selection of data inputs.	• We tested mathematical accuracy by recalculating the provision of ECL on a sample basis. Based on the procedures performed, we found the management's judgements and assumptions used in the assessment of ECL of debt investments were supported by available evidence.

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.

INDEPENDENT AUDITOR'S REPORT

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 judgement and maintain professional scepticism 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.

- 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.

INDEPENDENT AUDITOR'S REPORT

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

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 Mr. Poon Tak Cheong, Raymond.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 June 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Note	**2020 HK$'000**	2019 HK$'000
Turnover	6	**352,164**	1,784,148
Revenue	6	**181,816**	227,892
Other income		**176**	16,841
Net change in unrealized loss on financial assets at fair value through profit or loss	16		
– arising from listed investments		**(55,736)**	(79,847)
– arising from unlisted investments		**(265,103)**	(78,592)
		(320,839)	(158,439)
Net change in unrealized gain/(loss) on financial liabilities at fair value through profit or loss	23	**89,974**	(12,986)
Net realized (loss)/gain on disposal/distribution of investments			
– arising from listed investments		**(16,094)**	117,515
– arising from unlisted investments		**4,660**	92,994
		(11,434)	210,509
Realized loss on financial liabilities at fair value through profit or loss		**(22,214)**	–
Realized gain on deemed disposal of an associate	15	**1,859**	–
Provision for expected credit losses		**(666,945)**	(72,687)
Equity-settled share-based payments	26	**(5,430)**	(12,200)
Operating and administrative expenses	10	**(150,582)**	(117,251)
(Loss)/profit from operations		**(903,619)**	81,679
Finance costs	8	**(18,952)**	(10,478)
Share of results of investment accounted for using equity method	15	**(444,046)**	205,958
(Loss)/profit before tax		**(1,366,617)**	277,159
Taxation	9	**(6,057)**	(20,469)
(Loss)/profit for the Year	10	**(1,372,674)**	256,690
Other comprehensive income			
Items that may be reclassified to profits or loss			
Share of other comprehensive income of investments accounted for using equity method			
Investment revaluation reserve		**–**	(186)
Surplus reserve		**341**	165
Exchange differences		**55**	(228)
Net other comprehensive income for the Year		**396**	(249)
Total comprehensive income for the Year		**(1,372,278)**	256,441

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Note	**2020** **HK$'000**	2019 HK$'000
(Loss)/earnings per share			
Basic	12(a)	**HK$(0.4732)**	HK$0.0874
Diluted	12(b)	**HK$(0.4732)**	HK$0.0868
Proposed final dividend per share	11	**–**	HK$0.046

The notes on pages 59 to 137 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	Note	**2020** **HK$'000**	2019 HK$'000
Non-current assets			
Fixed assets	14	**16,862**	4,118
Right-of-use assets	14	**78,160**	–
Deferred tax assets	24	**–**	8,234
Investments accounted for using equity method	15	**637,912**	1,147,289
Financial assets at fair value through profit or loss	16	**1,420,661**	1,604,321
Debt investments	17	**246,673**	1,423,674
		2,400,268	4,187,636
Current assets			
Financial assets at fair value through profit or loss	16	**824,634**	653,869
Debt investments	17	**961,626**	601,805
Accounts and loans receivable	18	**62,775**	172,402
Interest receivables		**9,737**	29,640
Prepaid consideration	19	**378,751**	–
Prepayments and other receivables		**19,909**	23,763
Prepaid tax		**–**	12,837
Bank and cash balances		**117,388**	193,800
		2,374,820	1,688,116
TOTAL ASSETS		**4,775,088**	5,875,752
Capital and reserves			
Share capital	25	**290,094**	290,094
Reserves		**3,824,351**	5,340,369
TOTAL EQUITY		**4,114,445**	5,630,463
Current liabilities			
Accounts payable	20	**–**	11,000
Other payables		**26,147**	20,491
Lease liabilities	21	**30,069**	–
Loan payable	22	**506,848**	71,558
Financial liabilities at fair value through profit or loss	23	**32,422**	37,295
Tax payable		**14,678**	40,249
		610,164	180,593

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current liabilities			
Lease liabilities	21	**49,548**	–
Financial liabilities at fair value through profit or loss	23	**931**	64,696
		50,479	64,696
TOTAL LIABILITIES		**660,643**	245,289
TOTAL EQUITY AND LIABILITIES		**4,775,088**	5,875,752
NET ASSETS		**4,114,445**	5,630,463
Net asset value per share	27	**HK$1.42**	HK$1.94

The notes on pages 59 to 137 form an integral part of these consolidated financial statements.

Approved by the Board of Directors on 30 June 2020.

ZHANG Gaobo
Director

LIU Zhiwei
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

		Share capital		Reserves						
	Note	Issued capital HK$'000	Treasury shares HK$'000	Share Premium HK$'000 (note 33)	Share-based payment reserve HK$'000 (note 33)	Investment revaluation reserve HK$'000 (note 33)	Surplus reserve HK$'000 (note 33)	Exchange reserve HK$'000	Retained profits/ accumulated losses HK$'000	Total HK$'000
At 1 April 2018		293,740	–	4,748,570	31,924	70,668	9	(92)	450,039	5,594,858
Adjustment on adoption of HKFRS 9		–	–	–	–	(70,482)	–	–	30,033	(40,449)
At 1 April 2018 (restated)		293,740	–	4,748,570	31,924	186	9	(92)	480,072	5,554,409
Vesting of share options	26	–	–	–	12,200	–	–	–	–	12,200
New shares issued due to exercise of share options	26	30	–	658	(193)	–	–	–	–	495
Exchange difference arising from translation of foreign operations		–	–	–	–	–	–	2,526	–	2,526
Repurchase of shares	25	(2,107)	(1,569)	(74,424)	–	–	–	–	–	(78,100)
Total comprehensive income for the year		–	–	–	–	(186)	165	(228)	256,690	256,441
Dividend paid	11	–	–	–	–	–	–	–	(117,508)	(117,508)
At 31 March 2019 and 1 April 2019		291,663	(1,569)	4,674,804	43,931	–	174	2,206	619,254	5,630,463
Vesting of share options	26	–	–	–	5,430	–	–	–	–	5,430
Transfer upon forfeiture of share options	26	–	–	–	(643)	–	–	–	643	–
Cancellation of shares	25	(1,569)	1,569	–	–	–	–	–	–	–
Exchange difference arising from translation of foreign operations		–	–	–	–	–	–	(15,727)	–	(15,727)
Total comprehensive income for the Year		–	–	–	–	–	341	55	(1,372,674)	(1,372,278)
Dividend paid	11	–	–	–	–	–	–	–	(133,443)	(133,443)
At 31 March 2020		**290,094**	**–**	**4,674,804**	**48,718**	**–**	**515**	**(13,466)**	**(886,220)**	**4,114,445**

The notes on pages 59 to 137 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	2020 HK$'000	2019 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	**(1,366,617)**	277,159
Adjustments for:		
Dividend income	**(3,078)**	(6,483)
Interest income	**(178,738)**	(221,409)
Interest expenses	**18,952**	10,478
Other income	**–**	(16,841)
Exchange differences	**11,998**	1,892
Depreciation	**46,139**	828
Non-cash service fee expenses	**4,317**	–
Realized gain on deemed disposal of an associate	**(1,859)**	–
Realized gain on disposal of a subsidiary	**(2)**	–
Net realized loss/(gain) on disposal of financial assets at fair value through profit or loss	**11,434**	(210,509)
Realised loss on financial liabilities at fair value through profit or loss	**22,214**	–
Net change in unrealized loss on financial assets at fair value through profit or loss	**320,839**	158,439
Net change in unrealized (gain)/loss on financial liabilities at fair value through profit or loss	**(89,974)**	12,986
Loss on disposal of fixed assets	**–**	29
Waive of performance premium	**–**	3,923
Provision for expected credit losses	**666,945**	72,687
Share of results of investments accounted for using equity method	**444,046**	(205,958)
Equity-settled share-based payments	**5,430**	12,200
Operating cash flows before working capital changes	**(87,954)**	(110,579)
Increase in accounts and loans receivable	**(2,098)**	(22,022)
Decrease/(increase) in prepayments and other receivables	**9,085**	(15,802)
(Decrease)/increase in other payables	**(3,156)**	8,128
	(84,123)	(140,275)
Tax paid	**(23,394)**	–
Tax refund	**12,837**	–
Net cash used in operating activities	**(94,680)**	(140,275)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	2020 HK$'000	2019 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	**(511,918)**	(1,992,397)
Prepaid consideration for listed equity investment	**(503,862)**	–
Subscription of debt investments	**(835,740)**	(1,357,000)
Deposit released	**–**	(240,000)
Acquire equity interests of associates	**–**	(18,998)
Proceeds to financial participation arrangement	**(5,011)**	(11,980)
Purchase of fixed assets	**(18,100)**	(4,419)
Net proceeds on disposal of listed securities	**63,307**	910,786
Proceeds on settlement of debt investments	**1,173,225**	724,160
Distribution/disposal from unlisted investments	**151,313**	357,105
Interests received	**145,451**	205,699
Dividends received	**82,573**	129,583
Distribution/redemption of unlisted investment funds	**14,999**	102,949
Proceeds received from a co-investment partner	**4,774**	16,841
Sales proceeds from disposal of fixed assets	**–**	38
Repayment from staff on staff participation program	**–**	16
Net cash used in investing activities	**(238,989)**	(1,177,617)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans	**(846,790)**	(786,856)
Dividend paid	**(133,443)**	(117,508)
Repurchase of shares	**–**	(78,100)
Payment for principal portion of lease liabilities	**(31,928)**	–
Loan interests paid	**(17,417)**	(12,810)
Drawdown of loans	**1,286,835**	734,800
Receipt from exercise of share options granted	**–**	495
Net cash generated from/(used in) financing activities	**257,257**	(259,979)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(76,412)**	(1,577,871)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**193,800**	1,771,671
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**117,388**	193,800
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**117,388**	193,800

For major non-cash transactions, please refer to note 29.

The notes on pages 59 to 137 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1 GENERAL INFORMATION

OP Financial 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 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business is 41st Floor, One 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 34 and 15 respectively.

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

2 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) New standards and amendments to standards adopted by the Group

In the year ended 31 March 2020 ("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 2019. HKFRSs comprise all applicable individual Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS"), and interpretations ("HK (IFRIC)").

The following amendment to standards have been adopted by the Group for the first time for the financial year commencing 1 April 2019.

Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HKFRS 16	Leases
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK(IFRIC) – Int 23	Uncertainty over income tax treatments
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except as described below, the application of the new and amendments to HKFRSs and the interpretation in the current year have had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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

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

HKFRS 16 "Leases"

The Group leases various offices. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until 31 March 2019, payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments).

The lease payments are discounted using incremental borrowing rate of the Group which the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group has adopted HKFRS 16 "Leases" from 1 April 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the simplified transition approach in the standard on a modified retrospective basis. The reclassifications and the adjustments arising from the new leasing standards are therefore recognized in the opening consolidated statement of financial position on 1 April 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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

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

HKFRS 16 "Leases" (continued)

On adoption of HKFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019 in each territory or region where the lease assets are located. The incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 3.85%.

Set out below is a reconciliation of the operating lease commitments disclosed at 31 March 2019 to lease liabilities recognized on 1 April 2019:

	HK$'000
Operating lease commitments disclosed as at 31 March 2019	111,704
Adjustment on including building management fee in lease component (note 1)	9,395
Less: Short-term leases to be recognized on a straight-line basis as expense	(10)
	121,089
Effect of discounting at incremental borrowing rate at the date of initial adoption	(7,709)
Lease liabilities recognized upon initial adoption of HKFRS 16	113,380
Representing:	
Current lease liabilities	33,038
Non-current lease liabilities	80,342
	113,380

note 1: The Company has applied practical expedient on including building management fee in lease component.

The right-of-use assets were measured on a retrospective basis as if the new rules had always been applied, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated statement of financial position as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognized right-of-use assets relate to the following types of assets:

	31 March 2020 HK$'000	1 April 2019 HK$'000
Leased office premises	**78,160**	119,810

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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

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

HKFRS 16 "Leases" (continued)

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 April 2019:

Consolidated statements of financial position (extract)	31 March 2019 (As originally presented) HK$'000	Effect of the adoption of HKFRS 16 HK$'000	1 April 2019 (Restated) HK$'000
Non-current asset			
Right-of-use assets	–	119,810	119,810
Non-current liability			
Lease liabilities	–	80,342	80,342
Current liabilities			
Other payables	20,491	6,430	26,921
Lease liabilities	–	33,038	33,038

Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 "Lease" and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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

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

Amendments to HKAS 28 "Long-term Interests in Associates and Joint Ventures"

Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognizing losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 April 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortized cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the consolidated financial statements.

HK(IFRIC) – Int 23 "Uncertainty over income tax treatments"

HK(IFRIC) – Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intragroup services. Based on the Group's tax compliance study, the interpretation did not have any significant impact on the consolidated financial statements.

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

Amendments to HKFRS 3 "Definition of a Business"

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 April 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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

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

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 "Interest Rate Benchmark Reform"

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The Group expects to adopt the amendments prospectively from 1 April 2020. The amendments are not expected to have any significant impact on the consolidated financial statements.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 April 2020. The amendments are not expected to have any significant impact on the consolidated financial statements.

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 this financial year and the comparative period.

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

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 2020

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 recognising 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Consolidation (continued)

(v) Associates (continued)

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) Joint arrangements

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

Under the equity method of accounting, interests in joint ventures are initially 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 Board that makes strategic decisions.

(c) Foreign currency translation

(i) Functional and presentation currency

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

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

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary 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 gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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 hyperinflationary 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) Fixed assets

Fixed assets 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 fixed assets.

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 derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of fixed assets 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%
Leasehold improvement	$33^1/_3\%$

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 measurement categories:

– those to be measured subsequently at fair value through profit or loss, and

– those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial assets (continued)

(iii) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

– Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

– FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

– FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Accounts, loan and other receivables

Accounts, loan 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, loan 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) Deposit received, accounts, loan and other payables

Deposit received, accounts, loan 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.

(iv) Financial participation arrangements with investment partners and staff

The Group entered into certain financial participation arrangements with investment partners and certain eligible staff. Please refer to note 23 for the details of the arrangements.

The financial liabilities arising from these arrangements are stated at their fair values. Any subsequent change in their fair values would be recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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 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) 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 2020

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 Group 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 2020

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) Leased assets

As explained in note 2(a) above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in note 2(a).

Until 31 March 2019, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Leased assets (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group used the interest rate of available bank loan facility.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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.

(t) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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) Fair value estimation of financial instruments not quoted in an active market

As indicated in notes 5 and 16 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 and Market Comparison Approach. 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.

(b) Fair value of underlying investments of investments accounted for using equity method

As indicated in note 15(3) to the consolidated financial statements, the Group determines the value of the underlying investment of an associate using market comparison approach. The value assigned to the investment are based upon available information and do not necessarily represents amounts which might ultimately be realized, since such amounts depend on future circumstance and cannot be reasonably determined until the individual position is realized.

(c) Impairment assessment on debt investments

The Group performs ongoing credit evaluation of debt investments and its current creditworthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its investees and the fair value of respective collaterals obtained by the Group, if any. If the financial conditions of the investees of the Group deteriorate, resulting in an impairment of their ability to make payments, an allowance may be considered.

(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) 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 audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determination is made. For details please refer to note 9 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

5 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Group	
	2020	2019
	HK$'000	HK$'000
Financial assets		
Financial assets at fair value through profit or loss	**2,245,295**	2,258,190
Debt investments	**1,208,299**	2,025,479
Loans and receivables		
Accounts receivables, loans receivables and others	**471,172**	225,805
Bank deposits and cash balances	**117,388**	193,800
Financial liabilities		
Accounts payable	**–**	11,000
Other payables	**26,147**	20,491
Loans payable	**506,848**	71,558
Lease liabilities	**79,617**	–
Financial liabilities at fair value through profit or loss	**33,353**	101,991

(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 2020, the Group exposure to foreign currency risk from financial instruments including investments recognized in financial assets at fair value through profit or loss, prepaid consideration, loan and other receivables, bank balances, other payables (2019: financial assets at fair value through profit or loss, loan and other receivables, bank balances, other payables). These assets were denominated in RMB and the maximum exposure to foreign currency risk was RMB452,054,000, equivalent to HK$492,965,000 (2019: RMB284,589,000, equivalent to HK$332,215,000).

Sensitivity analysis

At 31 March 2020, if the RMB exchange rate has been 50 basis points higher/lower with all other variables held constant, the loss for the Year would have decreased/increased by approximately HK$2,465,000.

At 31 March 2019, 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 increase/decreased by approximately HK$1,661,000.

At 31 March 2020, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

5 FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(ii) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits and bank borrowings (2019: bank deposits). At 31 March 2020, the Group's bank balances and bank borrowings were HK$117,388,000 and HK$410,000,000 respectively (2019: bank balances HK$193,800,000). A change in interest rate levels within the range foreseen by the directors for the next twelve months could have an impact on the Group.

The Board is of the opinion that the debt investments, loans receivable, other receivables and other payables held by the Group as at 31 March 2020 were all with fixed interest rates in the current period. The Company is holding debt investments, loan receivable and other receivables with a view to collect solely the payments of principal and interest. The reasonable possible shift of market interest rate does not have a significant impact to the expected returns and expenses. The interest rate risk to these financial assets and liabilities 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 2020, if the interest rates had been 25 basis points higher/lower with all other variables held constant, loss for the Year would have increased/decreased by approximately HK$732,000.

At 31 March 2019, 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$485,000.

(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. At 31 March 2020, the Group's equity investments recognized in financial assets at fair value through profit or loss were HK$2,177,857,000 (2019: HK$2,133,572,000). The Board manages this exposure by maintaining a portfolio of investments with different risk and return profiles.

Sensitivity analysis

At 31 March 2020, if the price of the Group's financial assets at fair value through profit or loss had been 10% higher/lower with all other variables held constant, loss for the Year would have decreased/ increased by approximately HK$217,786,000.

At 31 March 2019, if the price of the Group's financial assets at fair value through profit or loss had been 10% higher/ lower with all other variables held constant, profit for the year would have increased/ decreased by approximately HK$213,357,000.

(iv) Credit risk

At 31 March 2020, 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 exposed to the credit risk if the counterparty to a financial instrument would fail to perform its obligation. The Group considers its exposure to credit risk increased because of the higher investment amount in debt securities. The directors have overall responsibility for overseeing the credit quality of the debt portfolio. The management delegated investment teams responsible for monitoring processes to ensure that follow-up actions are taken to recover doubtful debts. Financial positions of the underlying companies are closely monitored by regularly reviewing their financial and operation results and assessing their abilities to fulfill the repayment obligations.

In order to minimize the credit risk, the Group reviews the recoverable amount of each loan receivable, dividend and interest receivables, prepayment and other receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

5 FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(iv) Credit risk (continued)

The Group uses three categories for debt investments, accounts, loans receivables and others which reflect their credit risk and how the ECL provision is determined for each of those categories. The credit loss allowance includes ECLs for financial instruments that may default in the next 12-month period for financial instruments that have not observed a significant increase in credit risk since initial recognition ("stage 1") or over a lifetime period for financial instruments that have observed a significant increase in credit risk since initial recognition ("stage 2"). The allowance also includes lifetime ECLs for financial instruments where there is objective evidence of credit-impairment at the reporting date ("stage 3").

The gross carrying amount of debt investments, accounts, loans receivables and others, and thus the maximum exposure to loss, is as follows:

	2020 **HK$'000**	2019 HK$'000
Debt investments		
Stage 1 – Unimpaired and without significant increase in credit risk	**866,000**	2,088,840
Stage 2 – Significant increase in credit risk	**441,771**	–
Stage 3 – Credit-impaired	**442,791**	–
Total gross debt investments	**1,750,562**	2,088,840
Less: ECL provision	**(542,263)**	(63,361)
Debt investments, net of expected credit losses	**1,208,299**	2,025,479

Stage 1: They are unlisted debt investments, interest-bearing at 8% per annum and with 3-year term. They were secured by financial support commitments provided by the business partner of the debt investees. The Group did not observe a significant increase in credit risk since initial recognition and provided 12-month ECLs with the assistance of an independent valuer on the Group's ECL assessments at the reporting date.

Stage 2: They are unlisted debt investments, interest-bearing from 7% to 8% per annum and with 1.5 to 2-year term. The Group observed a significant increase in credit risk due to the financial difficulties encountered by the debt investees during the Year and assessed the lifetime ECLs of these debt investments based on the difference between (i) estimated recoverable amounts from the debt investees and (ii) gross carrying amount of the debt investments.

Stage 3: They are unlisted debt investments, interest-bearing from 6% to 11.5% per annum and with 3-year term. Objective evidence including inadequate repayment ability of debt investees, uncertainty related to going concern with the debt investee and subsequent request of debt restructuring from debt investee revealed credit impairment of these debt investments at the reporting date. The Group assessed the lifetime ECLs of these debt investments based on the difference between (i) estimated recoverable amounts from the debt investees and/or the guarantors and (ii) gross carrying amount of the debt investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

5 FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(iv) Credit risk (continued)

	2020 HK$'000	2019 HK$'000
Accounts, loans receivables and others		
Stage 1 – Unimpaired and without significant increase in credit risk	87,808	205,610
Stage 2 – Significant increase in credit risk	518,508	–
Stage 3 – Credit-impaired	102,745	70,041
Total gross accounts, loans receivables and others	709,061	275,651
Less: ECL provision	(237,889)	(49,846)
Accounts, loans receivables and others, net of expected credit losses	471,172	225,805

Stage 1: They are interest receivable from debt investments and a loan provided to an associate. The Group did not observe a significant increase in credit risk since initial recognition and provided 12-month ECLs with the assistance of an independent valuer on the Group's ECL assessments at the reporting date.

Stage 2: They are interest receivable from debt investments and prepaid consideration. The Group observed a significant increase in credit risk due to the financial difficulties encountered by the debt investees during the Year and assessed the lifetime ECLs of these interest receivable from debt investments based on the difference between (i) estimated recoverable amounts from the debt investees and (ii) gross carrying amount of the debt investments.

Stage 3: They are interest receivable from debt investments and loan to a potential investee. Objective evidence including inadequate repayment ability of debt investees and borrower, uncertainty related to going concern with the debt investee and subsequent request of debt restructuring from debt investee revealed credit impairment of these debt investments at the reporting date. The Group assessed the lifetime ECLs of these debt investments based on the difference between (i) estimated recoverable amounts from the debt investees/borrower and/or the guarantors and (ii) gross carrying amount of the debt investments/loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

5 FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(iv) Credit risk (continued)

	Stage 1 12-month ECL HK$'000	Stage 2 Lifetime ECL HK$'000	Stage 3 Lifetime ECL HK$'000	Total HK$'000
Debt investments				
Exposure as at 1 April 2018	1,456,000	–	–	1,456,000
Movement during the year	632,840	–	–	632,840
Exposure as at 31 March 2019 and 1 April 2019	2,088,840	–	–	2,088,840
Transfer during the Year	(442,791)	–	442,791	–
Exchange difference	(319)	(474)	–	(793)
Addition during the Year	365,495	470,245	–	835,740
Settlement during the Year	(1,145,225)	(28,000)	–	(1,173,225)
Exposure as at 31 March 2020	866,000	441,771	442,791	1,750,562
Accounts, loans receivable and others				
Exposure as at 1 April 2018	–	–	–	–
Movement during the Year	205,610	–	70,041	275,651
Exposure as at 31 March 2019 and 1 April 2019	205,610	–	70,041	275,651
Transfer during the Year	(4,663)	–	4,663	–
Exchange difference	2,862	–	(847)	2,015
Addition during the Year	28,277	518,508	28,888	575,673
Settlement during the Year	(144,278)	–	–	(144,278)
Exposure as at 31 March 2020	87,808	518,508	102,745	709,061

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

5 FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(iv) Credit risk (continued)

The following table reconciles the movement in ECL between the beginning and the end of the financial year:

	Stage 1 12 month ECL HK$'000	Stage 2 Lifetime ECL HK$'000	Stage 3 Lifetime ECL HK$'000	Total HK$'000
Debt investments				
ECL as at 1 April 2018	40,449	–	–	40,449
Addition during the year	40,418	–	–	40,418
Settlement during the year	(17,506)	–	–	(17,506)
ECL as at 31 March 2019 and 1 April 2019	63,361	–	–	63,361
Addition during the Year	53,000	239,454	–	292,454
Transfer during the Year	(72,666)	–	72,666	–
Settlement during the Year	(20,626)	–	–	(20,626)
Remeasurement during the Year	18,719	–	188,355	207,074
ECL as at 31 March 2020	41,788	239,454	261,021	542,263
Accounts, loans receivables and others				
ECL as at 1 April 2018	–	–	–	–
Addition during the year	–	–	49,775	49,775
Exchange difference	–	–	71	71
ECL as at 31 March 2019 and 1 April 2019	–	–	49,846	49,846
Addition during the Year	–	136,395	27,741	164,136
Remeasurement during the Year	4,559	–	19,348	23,907
ECL as at 31 March 2020	4,559	136,395	96,935	237,889

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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 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 one year or on demand HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total contractual cash flows HK$'000	Carrying amount HK$'000
At 31 March 2020					
Other payables	26,147	–	–	26,147	26,147
Lease liabilities	33,105	31,228	20,192	84,525	79,617
Loan payable (note)	515,463	–	–	515,463	506,848
	574,715	31,228	20,192	626,135	612,612

	Less than one year or on demand HK$'000	Total contractual cash flows HK$'000	Carrying amount HK$'000
At 31 March 2019			
Accounts payable	11,000	11,000	11,000
Other payables	20,491	20,491	20,491
Loan payable (note)	71,558	71,558	71,558
	103,049	103,049	103,049

Note: Included in the above loan payable is bank borrowings, interest bearing other borrowings and a non-interest bearing loan from an associate (2019: a non-interest bearing loan from an associate). The non-interest bearing loan from an associate is repayable on demand upon request.

At 31 March 2020, the Group held cash and cash equivalents of HK$117,388,000 (2019: HK$193,800,000) and listed equities of HK$164,888,000 (2019: HK$189,607,000) and making short-term bank borrowing to meet the non-derivative financial liabilities. The directors review and monitor its working capital requirements regularly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

5 FINANCIAL INSTRUMENTS (continued)

(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 continued to use quoted price as the valuation basis for listed equity investments.

Other unlisted equity investments, unlisted investment funds, unlisted limited partnership and unlisted debt investments 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 2020

5 FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

Disclosures of level in fair value hierarchy at 31 March 2020

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 equity securities	164,888	–	–	164,888
Unlisted equity investments	–	–	1,959,579	1,959,579
Unlisted investment funds/limited partnership	–	25,301	28,089	53,390
Unlisted debt investments	–	–	67,438	67,438
Total	164,888	25,301	2,055,106	2,245,295
Financial liabilities at fair value through profit or loss	–	–	(33,353)	(33,353)

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

	Year ended 31 March 2020					
	Financial assets at fair value through profit or loss					
Description	Unlisted equity investments HK$'000	Unlisted investment funds/limited partnership HK$'000	Unlisted debt investments HK$'000	Total assets HK$'000	Financial liabilities at fair value through profit or loss HK$'000	Total liabilities HK$'000
At the beginning of the Year	1,854,280	47,814	124,618	2,026,712	(101,991)	(101,991)
Total gains or losses recognized – in profit or loss [#]	(200,819)	(25,997)	(33,750)	(260,566)	68,638	68,638
Purchases/Additions	435,000	6,272	-	441,272	-	-
Disposals/Distributions	(128,882)	-	(23,430)	(152,312)	-	-
At the end of the Year	1,959,579	28,089	67,438	2,055,106	(33,353)	(33,353)
[#] 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	(200,450)	(25,996)	(35,341)	(261,787)	89,974	89,974

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For the year ended 31 March 2020

5 FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

Disclosures of level in fair value hierarchy at 31 March 2019

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 equity securities	189,607	–	–	189,607
Unlisted equity investments	–	–	1,854,280*	1,854,280
Unlisted investment funds/limited partnership	–	41,871	47,814	89,685
Unlisted debt investments	–	–	124,618*	124,618
Total	189,607	41,871	2,026,712	2,258,190
Financial liabilities at fair value through profit or loss	–	–	(101,991)	(101,991)

* The Group has revisited the terms of an investment of HK$110,876,000 and has reclassified from unlisted equity investments/exchangeable bond to unlisted debt investment.

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

	Year ended 31 March 2019						
	Financial assets at fair value through profit or loss			Available-for-sale financial assets			
Description	Unlisted equity investments HK$'000	Unlisted investment funds/limited partnership HK$'000	Unlisted debt investments HK$'000	Unlisted equity investments HK$'000	Total assets HK$'000	Financial liabilities at fair value through profit or loss HK$'000	Total liabilities HK$'000
At the beginning of the year	835,299	10,280	19,500	338,679	1,203,758	(88,282)	(88,282)
Total gains or losses recognized							
– in profit or loss (#)	(79,169)	24,763	(53,971)	–	(108,377)	(12,986)	(12,986)
Purchases/Additions	1,357,850	15,690	–	–	1,373,540	(30,307)	(30,307)
Disposals/Distributions	(431,440)	(2,919)	(7,850)	–	(442,209)	29,584	29,584
Reclassification	171,740	–	166,939	(338,679)	–	–	–
At the end of the year	1,854,280	47,814	124,618	–	2,026,712	(101,991)	(101,991)
(#) 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	(110,724)	24,387	(53,972)	–	(140,309)	(58,465)	(58,465)

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 loss/gain on financial assets at fair value through profit or loss".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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. 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 2020 HK$'000	Fair value at 31 March 2019 HK$'000	Fair value hierarchy	Valuation techniques	Unobservable Inputs	31 March 2020 Range	31 March 2019 Range	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss								
Unlisted partnership interests	28,089	47,814	Level 3	Share of net assets	N/A	N/A	N/A	N/A
Unlisted equity investments	1,581,165	1,196,749	Level 3	Latest transaction price	N/A	N/A	N/A	N/A
Unlisted equity investment	20,785	27,703	Level 3	Latest transaction price (2019: market comparable companies)	N/A (2019: earnings multiples)	N/A	1.6x-5.5x	N/A (2019: the higher the multiples, the higher the fair value)
					N/A (2019: discount rate for lack of marketability)	N/A	40%	N/A (2019: the higher the discount rate, the lower the fair value)
Unlisted equity investment	313	43,794	Level 3	Market comparable companies	Earnings multiples	~13.3x	14.7x-27.9x	The higher the multiples, the higher the fair value
					Discount rate for lack of marketability	30%	30%	The higher the discount rate, the lower the fair value
Unlisted equity investment	51,690	11,000	Level 3	Market comparable companies (2019: latest transaction price)	Earnings multiples (2019: N/A)	~38.8x	N/A	The higher the multiples, the higher the fair value (2019: N/A)
					Discount rate for lack of marketability and control (2019: N/A)	46.2%	N/A	The higher the discount rate, the lower the fair value (2019: N/A)
Unlisted equity investment	129,943	236,786	Level 3	Share of net assets	N/A	N/A	N/A	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

5 FINANCIAL INSTRUMENTS (continued)

(c) Fair values estimation (continued)

Description	Fair value at 31 March 2020 HK$'000	Fair value at 31 March 2019 HK$'000	Fair value hierarchy	Valuation techniques	Unobservable Inputs	31 March 2020 Range	31 March 2019 Range	Relationship of unobservable inputs to fair value
Unlisted non-voting preference shares	48,648	123,454	Level 3	Share of net assets	N/A	N/A	N/A	N/A
Unlisted non-voting preference shares	43,120*	57,909*	Level 3	Discounted cash flow	Discount rate	12.83%	12.42%	The higher the discount rate, the lower the fair value
					Long term growth rate	3%	3%	The higher the growth rate, the higher the fair value
					Discount for lack of marketabilities and control	40.6%	20.6%	The higher the discount rate, the lower the fair value
Unlisted preference shares	83,915*	156,885	Level 3	Market comparable companies (2019: Latest transaction price)	Market capitalization movement of comparable companies (2019: N/A)	N/A	N/A	N/A
Unlisted promissory notes	–	13,742	Level 3	Amortized cost	N/A	N/A	N/A	N/A
Unlisted bond	67,438	110,876	Level 3	Market comparable companies	Earnings multiples	~13.3x	11.8x-22.3x	The higher the multiples, the higher the fair value
					Discount rate for lack of marketability	30%	30%	The higher the discount rate, the lower the fair value
	2,055,106	2,026,712						

* Fair value estimated with the assistance of an external independent valuer

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

6 TURNOVER AND REVENUE

Turnover represents the aggregate of dividend income, interest income and gross sales proceeds from disposal of equity investments.

Turnover and revenue recognized during the years are analyzed as follows:

	2020 HK$'000	2019 HK$'000
Dividend income	3,078	6,483
Interest income	178,738	221,409
Revenue	181,816	227,892
Gross sales proceeds from disposal/redemption of investments	170,348	1,556,256
Turnover	352,164	1,784,148

7 SEGMENT INFORMATION

The chief operating decision maker has been identified as the executive directors, subject to requirements of the Listing Rules. The executive directors assess 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:

	2020 HK$'000	2019 HK$'000
Revenue		
Hong Kong	98,741	150,554
Mainland China	5,316	73
United States of America	77,759	77,265
	181,816	227,892

In presenting the geographical information, revenue in relation to equity investments is based on the location of the investments and the revenue in relation to debt investments is based on provision of credit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

7 SEGMENT INFORMATION (continued)

Non-current assets other than financial instruments

	2020 HK$'000	2019 HK$'000
Hong Kong	**197,136**	118,095
Mainland China	**535,798**	1,041,546

Information about major investments:

During the Year, interest income received from five of the Group's debt investments, which individually accounted for 10% or more of the Group's total revenue amounted to approximately HK$35,319,000, HK$29,046,000, HK$23,879,000, HK$22,017,000 and HK$21,650,000 respectively.

During the year ended 31 March 2019, interest income received from five of the Group's debt investments, which individually accounted for 10% or more of the Group's total revenue amounted to approximately HK$43,699,000, HK$29,594,000, HK$26,667,000, HK$24,955,000 and HK$24,308,000 respectively.

8 FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interest on bank loans and other borrowings	**15,007**	10,478
Interest on lease liabilities	**3,945**	–
	18,952	10,478

The effective interest rate of bank loans and other borrowings was approximately 4.95% (2019: 6.59%) for the Year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

9 TAXATION

(a) Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Taxation on overseas profit has been calculated on the estimated assessable profit for the years at the rates of taxation prevailing in that overseas country.

	2020 HK$'000	2019 HK$'000
Hong Kong Profits Tax	**–**	25,570
Over-provision of Hong Kong Profits Tax for previous year	**(2,177)**	–
Deferred tax assets de-recognized/(recognized)	**8,234**	(5,101)
	6,057	20,469

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

	2020 HK$'000	2019 HK$'000
(Loss)/profit before tax	**(1,366,617)**	277,159
Tax calculated at domestic tax rates applicable to profits in the respective countries	**(225,327)**	45,731
Tax effect of income that is not taxable	**(49,980)**	(86,043)
Tax effect of deemed taxable profit	**–**	4,780
Tax effect of expenses that are not deductible	**207,961**	65,800
Tax effect of temporary differences not recognized	**–**	(5,953)
Tax effect of tax losses not recognized	**67,346**	(3,846)
Tax effect of deferred tax assets not recognized	**8,234**	–
Over-provision of Hong Kong Profits Tax for previous year	**(2,177)**	–
Taxation	**6,057**	20,469

10 LOSS/PROFIT FOR THE YEAR

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

	2020 HK$'000	2019 HK$'000
Auditor's remuneration		
– Audit	**2,361**	1,846
– Others	**411**	376
	2,772	2,222
Depreciation of fixed assets	**5,949**	828
Depreciation of right-of-use assets	**40,190**	–
Investment management fee (note 31(a))	**13,800**	13,800
Operating lease payments in respect of office premises	**–**	10,760
Staff costs (including directors' emoluments)		
Salaries and other benefits	**56,344**	59,202
Retirement benefits scheme contributions	**644**	641
Equity-settled share-based compensation	**5,430**	12,200
	62,418	72,043

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

11 DIVIDENDS

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

The Board recommended the payment of a final dividend of HK$0.046 per ordinary share for the year ended 31 March 2019 to the shareholders whose names are registered on the register of members of the Company at the close of business on 30 August 2019. The final dividend was approved by the shareholders of the Company at the Annual General Meeting held on 27 August 2019, and was paid on 4 September 2019.

12 LOSS/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the loss/profit for the Year by the weighted average number of ordinary shares in issue less treasury shares during the Year.

	2020	2019
(Loss)/profit for the Year (HK$'000)	**(1,372,674)**	256,690
Weighted average number of ordinary shares in issue less treasury shares (in thousand)	**2,900,940**	2,935,413
Basic (loss)/earnings per share	**HK$(0.4732)**	HK$0.0874

(b) Diluted (loss)/earnings per share

Diluted (loss)/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 loss/earnings per share.

	2020	2019
(Loss)/profit for the Year (HK$'000)	**(1,372,674)**	256,690
Weighted average number of ordinary shares in issue less treasury shares (in thousand)	**2,900,940**	2,935,413
Adjustments for share options (in thousand)	**–**	21,386
	2,900,940	2,956,799
Diluted (loss)/earnings per share	**HK$(0.4732)**	HK$0.0868

Diluted loss per share for the Year was the same as the basic loss per share. The Company's outstanding share options had anti-dilutive effect as assumed issue of ordinary shares would reduce loss per share.

For the year ended 31 March 2020

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$'000	Salaries and other benefits (note 1) HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors				
ZHANG Zhi Ping	3,000	–	–	3,000
ZHANG Gaobo	3,000	–	–	3,000
LIU Zhiwei (appointed on 16 April 2019)	2,875	–	–	2,875
ZHANG Weidong (resigned on 10 February 2020)	–	3,787	18	3,805
Non-executive director				
Wu Zhong	5,000	2,352	–	7,352
Independent non-executive directors				
KWONG Che Keung, Gordon (resigned on 27 August 2019)	102	–	–	102
HE Jia	250	–	–	250
WANG Xiaojun	250	–	–	250
Chen Yuming (re-designated from Non-executive Director on 15 July 2019)	250	–	–	250
Fu Weigang (re-designated from Non-executive Director on 15 July 2019)	250	–	–	250
	14,977	6,139	18	21,134

Note 1: Other benefits include share options.

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 2019 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 (resigned on 29 June 2018)	61	–	–	61
ZHANG Weidong	–	5,329	18	5,347
Non-executive directors				
Wu Zhong	5,000	4,499*	–	9,499
Chen Yuming (appointed on 29 June 2018)	189	–	–	189
Fu Weigang (appointed on 29 June 2018)	189	–	–	189
Independent non-executive directors				
KWONG Che Keung, Gordon	250	–	–	250
HE Jia	250	–	–	250
WANG Xiaojun	250	–	–	250
	6,189	10,088	31	16,308

* The Group has re-visited the classification of the share option vested of HK$4,499,000, and has reclassified from directors' fee to salaries and other benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

13 DIRECTORS AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

The executive directors' emoluments disclosed above include their services in connection with the management of the affairs of the Company and the Group

The fees paid to non-executive and independent non-executive directors shown above were for their services as directors of the Company.

There was no arrangement under which the directors waived or agreed to waive any remuneration during the years.

Certain directors were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in note 26.

During the Year, no payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors, nor any are payable (2019: Nil). No consideration was provided to or receivable by third parties for making available directors' services (2019: Nil). There are no loans, quasi-loans and other dealing arrangements in favour of the directors, their controlled body corporates and connected entities (2019: Nil).

Except as disclosed in "connected transactions" in the Directors' Report and note 31, the directors of the Company had no other material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the Year or at any time during both years.

The emoluments of the directors fell within the following bands:

	2020 Number of directors	2019 Number of directors
HK$Nil – HK$1,000,000	**5**	8
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	**3**	–
HK$3,000,001 – HK$3,500,000	**–**	–
HK$3,500,001 – HK$4,000,000	**1**	–
HK$4,000,001 – HK$4,500,000	**–**	–
HK$4,500,001 – HK$5,000,000	**–**	–
HK$5,000,001 – HK$5,500,000	**–**	1
HK$5,500,001 – HK$6,000,000	**–**	–
HK$6,000,001 – HK$6,500,000	**–**	–
HK$6,500,001 – HK$7,000,000	**–**	–
HK$7,000,001 – HK$7,500,000	**1**	–
HK$7,500,001 – HK$8,000,000	**–**	–
HK$8,000,001 – HK$8,500,000	**–**	–
HK$8,500,001 – HK$9,000,000	**–**	–
HK$9,000,001 – HK$9,500,000	**–**	1

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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, 3 of them (2019: 2) were directors. The emoluments of the 5 highest paid individuals are as follows:

	2020 HK$'000	2019 HK$'000
Salaries and other benefits (including share-based compensation)	**16,423**	21,271
Retirement benefits scheme contributions	**54**	72
Discretionary bonuses	**5,231**	7,630
	21,708	28,973

During the year ended 31 March 2020 and 31 March 2019, 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 or as compensation for loss of office.

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

	2020 Number of directors	2019 Number of directors
HK$Nil – HK$1,000,000	**–**	–
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	**–**	–
HK$3,000,001 – HK$3,500,000	**2**	–
HK$3,500,001 – HK$4,000,000	**1**	1
HK$4,000,001 – HK$4,500,000	**1**	–
HK$4,500,001 – HK$5,000,000	**–**	–
HK$5,000,001 – HK$5,500,000	**–**	2
HK$5,500,001 – HK$6,000,000	**–**	1
HK$6,000,001 – HK$6,500,000	**–**	–
HK$6,500,001 – HK$7,000,000	**–**	–
HK$7,000,001 – HK$7,500,000	**1**	–
HK$7,500,001 – HK$8,000,000	**–**	–
HK$8,000,001 – HK$8,500,000	**–**	–
HK$8,500,001 – HK$9,000,000	**–**	–
HK$9,000,001 – HK$9,500,000	**–**	1

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For the year ended 31 March 2020

14 FIXED ASSETS AND RIGHT-OF-USE ASSETS

	Motor Vehicle HK$'000	Computer equipment HK$'000	Office equipment HK$'000	Furniture HK$'000	Leasehold improvement HK$'000	Total HK$'000	Right-of-use assets HK$'000
Cost							
At 1 April 2018	200	646	11	154	–	1,011	–
Additions	777	367	105	424	2,746	4,419	–
Disposal	(200)	–	–	–	–	(200)	–
At 31 March 2019	777	1,013	116	578	2,746	5,230	–
Adjustment for change in accounting policy	–	–	–	–	–	–	119,810
At 1 April 2019, restated	777	1,013	116	578	2,746	5,230	119,810
Additions	–	791	153	1,829	15,920	18,693	–
Disposal	–	(9)	–	–	–	(9)	–
Adjustment for lease modification	–	–	–	–	–	–	(1,460)
At 31 March 2020	777	1,795	269	2,407	18,666	23,914	118,350
Accumulated depreciation							
At 1 April 2018	127	174	11	105	–	417	–
Charge for the year	243	195	6	51	333	828	–
Disposals	(133)	–	–	–	–	(133)	–
At 31 March 2019 and 1 April 2019	237	369	17	156	333	1,112	–
Charge for the Year	259	364	53	484	4,789	5,949	40,190
Disposals	–	(9)	–	–	–	(9)	–
At 31 March 2020	496	724	70	640	5,122	7,052	40,190
Carrying amount							
At 31 March 2020	281	1,071	199	1,767	13,544	16,862	78,160
At 31 March 2019	540	644	99	422	2,413	4,118	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

15 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	2020 HK$'000	2019 HK$'000
Associates	**637,912**	990,756
Joint venture	**–**	156,533
	637,912	1,147,289

Details of the Group's associates and joint ventures at 31 March 2020 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	60,000,000 (2019: 60,000,000) ordinary shares	22.5% (note 1) (2019: 30%)	Asset management and investment holding	60,000 (2019: 60,000)	95,023 (2019: 98,690)	95,023 (2019: 98,690)
Guotai Junan Fund Management Limited	Corporate	Hong Kong	2,990,000 (2019: 2,990,000) ordinary shares	29.9% (2019: 29.9%)	Asset management and trading in securities	2,990 (2019: 2,990)	7,091 (2019: 6,940)	7,091 (2019: 6,940)
OPIM Holdings Limited	Corporate	British Virgin Islands	3,000 (2019: 3,000) ordinary shares	30% (2019: 30%)	Asset management	1,469 (2019: 1,469)	– (2019: 113)	– (2019: 113)
BE Financial Service (Beijing) Investment Holdings Limited ("BEFS")	Corporate	China	RMB40,000,000 (2019: RMB40,000,000) contribution	20% (note 2) (2019: 20%)	Investment holding	46,640 (2019: 46,640)	55,520 (2019: 51,288)	55,520 (2019: 51,288)
Treasure Up Ventures Limited ("TUVL")	Corporate	The Republic of Seychelles	50 (2019: 50) ordinary shares	25% (note 3) (2019: 25%)	Investment holding	351,671 (2019: 351,671)	342,741 (2019: 688,737)	342,741 (2019: 688,737)
iCarbonX OP Investment Limited	Corporate	British Virgin Islands	– (2019: –) contribution	29% (2019: 29%)	Investment holding	– (2019: –)	– (2019: –)	– (2019: –)
東英騰華融資租賃(深圳)有限公司 ("東英騰華")	Corporate	China	RMB60,000,000 (2019: RMB60,000,000) contribution	30% (note 5) (2019: 30%)	Lease investments	71,160 (2019: 71,160)	70,405 (2019: 73,137)	70,405 (2019: 73,137)
上海赫奇企業管理諮詢有限公司 ("上海赫奇")	Corporate	China	RMB61,172,118 (2019: RMB61,172,118) contribution	23.52% (note 6) (2019: 23.52%)	Investment holding	72,841 (2019: 72,841)	66,652 (2019: 71,297)	66,652 (2019: 71,297)
粵港澳大灣區昆侖投資基金管理有限公司 ("昆侖投資基金")	Corporate	China	HK$600,000 (2019: HK$600,000) contribution	30% (note 7) (2019: 30%)	Dormant	600 (2019: 600)	480 (2019: 554)	480 (2019: 554)
South South Green Energy Limited	Corporate	Hong Kong	– (2019: 3) ordinary shares	– (note 4) (2019: 30%)	Dormant	– (2019: –)	– (2019: –)	– (2019: –)
東創智能(海南)數字科技有限公司 ("東創智能")	Corporate	China	– (2019: –) contribution	30% (2019: –)	Dormant	– (2019: –)	– (2019: –)	– (2019: –)
Joint ventures								
Shen Jiang L.P.	Limited partnership	Cayman Islands	US$1 (2019: US$1) contribution	50% (2019: 50%)	Investment holding	– (2019: –)	– (2019: –)	– (2019: –)
Magopt Investment L.P.	Limited partnership	British Virgin Islands	US$1 (2019: US$1) contribution	50% (note 8) (2019: 50%)	Dormant	– (2019: –)	– (2019: –)	– (2019: –)
OP EBS Fintech Investment L.P. ("OP EBS Fintech")	Limited partnership	Cayman Islands	US$20,000,000 (2019: US$20,000,000) contribution	40% (note 9) (2019: 40%)	Investment holding	156,255 (2019: 156,255)	– (2019: 156,533)	– (2019: 156,533)

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For the year ended 31 March 2020

15 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

Notes:

1. On 31 July 2019, CSOP resolved to allot 66,666,667 ordinary shares at HK$2.02 per ordinary shares to a new shareholder. The Group's effective interest in CSOP was reduced from 30% to 22.5%, contributed to a deemed disposal of associate interest. A realized gain of HK$1,859,000 was recognized in the profit or loss.

   During the Year, CSOP declared dividends and the Company was entitled to HK$34,864,000 cash dividend. The payment date has yet decided by CSOP and it is recorded as dividend receivable (note 18) as at 31 March 2020.

   During the year ended 31 March 2019, CSOP declared dividends and the Company was entitled to HK$65,400,000 cash dividend.

2. On 21 August 2017, the Company entered into a shareholders' agreement with Beijing Enterprises Water Group and Shanghai Hengshi Wealth Investment Limited to establish BEFS for the purpose of providing fund investment and management services for Beijing Enterprises Water Group.

3. The Company, through a subsidiary, Prosper Gain Holdings Limited, holds 25% ordinary share capital of 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").

   The fair value of BITIC at 31 March 2020 and 2019 was determined by the directors by reference to the valuation carried out by an external independent valuer by using the market comparison approach. Determination of fair value is based on the best information available in the circumstances and includes appropriate risk adjustments for lack of marketability. Factors considered in determining the fair value of these investments include multiples of comparable companies listed on stock exchanges and discount rates based on market information.

4. An associate, being a private company established in Hong Kong, was deregistered during the Year.

5. The Company entered into an investment agreement with four investment partners to establish 東英騰華 for leasing and financing new energy vehicles in the People's Republic of China. Pursuant to the investment agreement, the Company committed to contribute RMB150,000,000 and has injected RMB60,000,000 to 東英騰華 in November 2017.

6. At 31 March 2018, the Company has restructured its position in 上海赫奇 by disposing of 76.48% of its shareholding while increasing its investment in 上海赫奇 by RMB61,172,000. The directors determined that the Group has a significant influence on decision making process of 上海赫奇 and thus reclassified its interest in 上海赫奇 from a subsidiary to an associate of the Group.

7. The Company, through its wholly-owned subsidiary, Great Wonderful Limited ("Great Wonderful"), entered into investment agreements with third party investors to establish 昆侖投資基金 for the purpose of pursuing investment opportunities. The Group contributed HK$600,000 as an initial operating funds.

8. The Company, through its wholly-owned subsidiary, Snowball Plan Limited ("Snowball Plan"), formed a limited partnership namely Magopt Investment L.P. with a third party, for the purpose of pursuing investment opportunities. Snowball Plan contributed 50% of funding and acts as the initial limited partner of the partnership.

9. The Company, through a subsidiary, OP Fintech Holdings Limited, signed a limited partnership agreement in which the Company acted as general partner and sub-ordinated limited partner of OP EBS Fintech and contributed US$20,000,000, or approximately HK$156,255,000 to the limited partnership. OP EBS Fintech is established for the purpose of investing into PRC companies in Fin-tech industry.

   Pursuant to the Share Charge, our sub-ordinated limited partner's interest has been charged in favour of the preferred limited partner of OP EBS Fintech ("PLP") to secure any outstanding amounts owed. Upon the exercise of right of redemption by the Preferred Limited Partner ("PLP"), the Group could either make new capital contribution to the limited partnership to fund the relative proportion of the PLP redemption amount, or settle the proportional redemption amount by transferring the Group's sub-ordinated limited partner's interest to the PLP under the Share Charge.

   Due to the recent development of the internet finance industry in Mainland China, the Group re-assess the position and potential challenges faced by the underlying Fin-tech operator and recognized the fair value of the PRC investee by recovery approach.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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 2020 is set out below:

	CSOP HK$'000	TUVL HK$'000	BEFS HK$'000	東英騰華 HK$'000	上海赫奇 HK$'000	Others HK$'000	Total HK$'000
At 31 March 2020							
Total current assets	737,987	1,370,965	135,999	125,598	67,413	43,690	2,481,652
Total non-current assets	4,316	–	267,540	133,357	–	38,546	443,759
Total current liabilities	(319,977)	–	(125,937)	(1,287)	(18)	(32,234)	(479,453)
Total non-current liabilities	–	–	–	(1,174)	–	(69,531)	(70,705)
Net assets	422,326	1,370,965	277,602	256,494	67,395	(19,529)	2,375,253
Group's share of investments' net assets	95,023	342,741	55,520	70,405	66,652	7,571	637,912
Year ended 31 March 2020							
Total revenue	362,766	–	59,416	24,023	–	32,786	478,991
Total profit/(loss) for the Year	80,813	(1,368,356)	41,080	7,090	(5,939)	(2,336)	(1,247,648)
Other comprehensive income for the Year	50,001	–	228	984	–	–	51,213
Total comprehensive income for the Year	130,814	(1,368,356)	41,308	8,074	(5,939)	(2,336)	(1,196,435)
Group's share of investments' profit/(loss) for the Year	29,283	(328,144)	7,579	1,837	40	(37)	(289,442)
Group's share of investments' other comprehensive income for the Year	55	–	46	295	–	–	396

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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 2019 is set out below:

	CSOP HK$'000	TUVL HK$'000	BEFS HK$'000	東英騰華 HK$'000	上海赫奇 HK$'000	Others HK$'000	Total HK$'000
At 31 March 2019							
Total current assets	679,418	2,754,946	40,367	100,560	72,172	27,983	3,675,446
Total non-current assets	1,991	–	235,626	169,465	–	2,529	409,611
Total current liabilities	(352,442)	–	(19,530)	(2,888)	(9)	(5,076)	(379,945)
Total non-current liabilities	–	–	–	–	–	–	–
Net assets	328,967	2,754,946	256,463	267,137	72,163	25,436	3,705,112
Group's share of investments' net assets	98,690	688,737	51,288	73,137	71,297	7,607	990,756
Year ended 31 March 2019							
Total revenue	271,112	–	24,677	21,483	–	82,630	399,902
Total profit/(loss) for the year	51,134	1,346,671	19,213	10,690	(8,796)	(27,699)	1,391,213
Other comprehensive income for the year	(1,383)	–	23	547	–	–	(813)
Total comprehensive income for the year	49,751	1,346,671	19,236	11,237	(8,796)	(27,699)	1,390,400
Group's share of investments' profit/(loss) for the year	14,185	208,087	4,888	3,053	(2,983)	(20,807)	206,423
Group's share of investments' other comprehensive income for the year	(415)	–	5	160	–	–	(250)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

15 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

Summarized financial information in respect of the Group's joint ventures (based on the management accounts of the joint venture) at 31 March 2020 is set out below:

	OP EBS Fintech HK$'000
At 31 March 2020	
Total current assets	31
Total non-current assets	70,000
Total current liabilities	(70)
Total non-current liabilities	–
Net assets	69,961
Group's share of investments' net assets	–
Year ended 31 March 2020	
Total revenue	–
Total profit for the Year	–
Other comprehensive income for the Year	–
Total comprehensive income for the Year	–
Group's share of investments' loss for the Year	(154,604)
Group's share of investments' other comprehensive income for the Year	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

15 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

Summarized financial information in respect of the Group's joint ventures (based on the management accounts of the joint venture) at 31 March 2019 is set out below:

	OP EBS Fintech HK$'000
At 31 March 2019	
Total current assets	–
Total non-current assets	418,405
Total current liabilities	(39)
Total non-current liabilities	–
Net assets	418,366
Group's share of investments' net assets	156,533
Year ended 31 March 2019	
Total revenue	–
Total profit for the year	27,768
Other comprehensive income for the year	–
Total comprehensive income for the year	27,768
Group's share of investments' loss for the year	(465)
Group's share of investments' other comprehensive income for the year	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 HK$'000	2019 HK$'000
Listed equity securities	164,888	189,607
Unlisted equity investments	1,959,579	1,854,280
Unlisted investment funds/limited partnership	53,390	89,685
Unlisted debt investments	67,438	124,618
	2,245,295	2,258,190
Analyzed as:		
Current assets	824,634	653,869
Non-current assets	1,420,661	1,604,321
	2,245,295	2,258,190

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

The fair values of the listed equity securities are determined based on the quoted prices available on the relevant stock exchanges at the end of the reporting period.

At 31 March 2020, the unlisted debt investments are debentures carrying interest rates at 22% compounded rate (2019: from 5% simple flat rate to 22% compounded rate).

During the Year, net change in unrealized loss of approximately HK$320,839,000 (2019: approximately HK$158,439,000) arising from changes in fair value of these financial assets was recognized in profit or loss.

The investments in unlisted investment funds/limited partnership of HK$53,390,000 (2019: HK$89,685,000) as above represent investments in unconsolidated structured entities. The maximum exposure to loss is the carrying value of these investments. The size of the investment funds ranges from US$386,000 to US$147.14 million (2019: US$1.08 million to US$94.25 million).

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

The above investments were designated upon initial recognition of fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

17 DEBT INVESTMENTS

	Carrying amount at 2020 HK$'000	Carrying amount at 2019 HK$'000
Unlisted debt investments	**1,750,562**	2,088,840
Provision to ECL	**(542,263)**	(63,361)
Total unlisted debt investments, net	**1,208,299**	2,025,479
Analyzed as:		
Current assets	**961,626**	601,805
Non-current assets	**246,673**	1,423,674
	1,208,299	2,025,479

The fair value of the debt investments approximates its carrying value.

The tenure of the debt investments ranged from 1.5 year to 2 years (2019: 1 year to 2 years). The applied interest rates ranged from 6% to 11.5% (2019: 6% to 15%) per annum. They are expected to be settled on maturity date.

In order to minimize the credit risk, the Group has assessed the creditworthy of the investees and closely monitors the repayment ability of the investees.

At 31 March 2020, certain debt investments were overdue or impaired. It is analysed as follows:

	Loan principal HK$'000	Provision for expected credit losses HK$'000	Carrying amount at 2020 HK$'000	Carrying amount at 2019 HK$'000
Neither past due nor impaired	866,000	(41,788)	**824,212**	2,025,479
Credit risk significantly increased	441,771	(239,454)	**202,317**	–
Credit impaired	442,791	(261,021)	**181,770**	–
			1,208,299	2,025,479

Provision for ECL was recognized in the consolidated statement of profit or loss and other comprehensive income as follows:

	Carrying amount at 2020 HK$'000	Carrying amount at 2019 HK$'000
Opening balance	**63,361**	40,449
Charged during the Year	**478,902**	22,912
Closing balance	**542,263**	63,361

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

18 ACCOUNTS AND LOANS RECEIVABLE

	Note	**2020 HK$'000**	2019 HK$'000
Unsecured loan to a potential investee	(a)	**–**	20,195
Consideration receivables	(b)	**–**	59,778
Accounts receivable	(c)	**1,401**	136
Amounts due from associates, joint ventures and related companies	(d)	**26,510**	26,893
Dividend receivable	(e)	**34,864**	65,400
		62,775	172,402
Analyzed as:			
Current assets		**62,775**	172,402

(a)

	2020 HK$'000	2019 HK$'000
Unsecured loan	**65,430**	70,041
Impairment loss	**(65,430)**	(49,846)
	–	20,195

Unsecured loan of RMB60,000,000, approximately HK$65,430,000 (2019: HK$70,041,000), is provided to a potential investee established in the PRC. The Group assesses the feasibility of the potential investment from time to time. Impairment loss of RMB60,000,000 (2019: RMB42,700,000), approximately HK$65,430,000 (2019: HK$49,846,000) is recognized against unsecured loan at 31 March 2020 based on estimated recoverable amount determined by reference to an analysis of the counterparty's current operation.

During the year ended 31 March 2020, impairment loss of RMB17,300,000 (2019: RMB42,700,000), approximately HK$19,348,000 (2019: HK$49,775,000) by average exchange rate, is recognized in profit or loss.

The Group does not hold any collateral or other credit enhancement over the balance.

(b) Consideration receivables included balances of HK$51,278,000 and HK$8,500,000 in respect of the disposal of a listed equity investment and an unlisted equity investment respectively as at 31 March 2019. The entire balance was settled during the Year.

(c) The Group does not hold any collateral or other credit enhancements over the accounts receivable from co-investment partners. The aging analysis of accounts receivable based on the invoice date is as follows:

	2020 HK$'000	2019 HK$'000
Unbilled	**1,401**	136

At 31 March 2020 and 2019, the accounts receivable were neither past due nor impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

18 ACCOUNTS AND LOANS RECEIVABLE (continued)

(d) Amounts due from associates, joint ventures and related companies arise mainly from advance money provided for a potential investment project and administrative expenses paid by the Group on behalf of its associates, joint ventures and related companies. The amounts are unsecured, interest-free and repayable on demand.

For the year ended 31 March 2020, in view of the uncertainty on the recoverability of the amount due from one of the associates, provision for ECL of HK$1,216,000 was recognized in profit or loss.

(e) Dividend receivable represents dividend declared by CSOP in both years.

19 PREPAID CONSIDERATION

	Carrying amount at	
	2020	2019
	HK$'000	HK$'000
Prepaid consideration	**490,725**	–
Provision for ECL	**(111,974)**	–
	378,751	–

Pursuant to "股份轉讓交易協議" dated 18 June 2019 and "股份轉讓交易協議之補充協議" dated 28 June 2019, signed between the Group, through one of its subsidiaries, and the seller, the Group determined to purchase a total of 63,202,590 shares, or 19.9% of total capital of Dagang Holding Group CO., LTD. (stock code: 300103.SZ). The total consideration of RMB695,228,490, or RMB11 per share, is agreed to be paid in instalments based on certain contractual terms. As at 31 March 2020, RMB450,000,000 was prepaid according to plan and the acquisition has not been completed.

As at 31 March 2020, provision of RMB102,682,000, equivalent to HK$111,974,000 by reporting date exchange rate, is recognized.

20 ACCOUNTS PAYABLE

	2020	2019
	HK$'000	HK$'000
Consideration payable	**–**	11,000

At 15 March 2019, the Company entered into a share subscription agreement, in relation to the subscription of 339,000 new shares of Central China New Life Limited at a consideration of HK$11,000,000. Upon the completion of the subscription, the newly acquired shares represented approximately 0.8842% of the entire issued share capital in Central China New Life Limited.

The consideration payable was settled during the Year.

21 LEASE LIABILITIES

The consolidated statement of financial position shows the following amounts relating to leases:

	31 March 2020 (Audited) HK$'000	1 April 2019 (Unaudited) HK$'000	31 March 2019 (Audited) HK$'000
Lease liabilities			
– Current	**30,069**	33,038	–
– Non-current	**49,548**	80,342	–
	79,617	113,380	–

The consolidated statement of profit or loss includes the following amounts relating to leases:

	2020 HK$'000	2019 HK$'000
Depreciation of right-of-use assets	**40,190**	–
Interest expenses (included in finance costs)	**3,945**	–

The total cash outflow for leases during the Year was HK$31,928,000.

22 LOAN PAYABLE

	2020 HK$'000	2019 HK$'000
Bank borrowings (note a)	**410,000**	–
Other borrowings		
– Interest bearing (note b)	**30,000**	–
– Non-interest bearing (note c)	**66,848**	71,558
	506,848	71,558

Notes:

(a) All bank borrowings are unsecured, repayable within 1 year and denominated in HKD.

(b) The interest-bearing other borrowing is unsecured, interest bearing at 8% per annum and repayable within 1 year.

(c) Non-interest bearing loan represents RMB61,300,000 (equivalent to approximately HK$66,848,000) (2019: HK$71,558,000) loan due to 上海赫奇 for a potential investment opportunity in the PRC. The borrowing is unsecured, non-interest bearing and repayable on demand.

(d) The carrying amounts of the Group's and the Company's loan payable approximate to their fair values.

(e) The average effective interest rate of bank and other borrowings during the year ended 31 March 2020 was 4.95% (2019: 6.59%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

23 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 **HK$'000**	2019 HK$'000
Current liabilities		
Provision for loan guarantee (note a)	**21,810**	–
Payable to investment partners (note b)	**10,612**	36,920
Staff participation interest payable (note d)	**–**	375
	32,422	37,295
Non-current liabilities		
Accrued consultancy fee (note c)	**–**	55,859
Staff participation interest payable (note d)	**931**	8,837
	931	64,696

(a) As at 31 March 2020, the Group had fully recognized the loan guarantee of RMB20,000,000 (equivalent to HK$21,810,000) (2019: Nil) given to 上海幸福九號網絡科技有限公司 for its settlement of RMB20,000,000 loan (equivalent to HK$21,810,000) (2019: HK$23,347,000) provided by 博石資產管理股份有限公司.

A realized loss of RMB20,000,000 (2019: Nil), approximately HK$21,893,000 (2019: Nil) by average exchange rate, is recognized in profit or loss.

(b) The Group entered into a financial participation arrangement with investment partners. Pursuant to the arrangement, the investment partners paid US$1,950,000 (equivalent to approximately HK$15,267,000) to the Group and in return, shared a portion of the Group's future realized trading result of one of the equity investments on a back-to-back basis.

During the Year, an unrealized gain of HK$26,093,000 (2019: unrealized loss of HK$21,613,000), representing the investment partners' share of unrealized loss (2019: unrealized gain) of the project, was recognized in profit or loss as the payable to investment partners' interests were decreased (2019: increased).

(c) Pursuant to the investment agreement in TUVL, the Group agreed to pay consultancy fee to the shareholder of TUVL upon the exit of investment in TUVL. The amount of consultancy fee will be determined based on the net disposal proceeds received. At 31 March 2020, the accrued consultancy fee to be paid to the shareholder of TUVL was decreased to nil balance (2019: HK$55,859,000), an unrealized gain of HK$55,859,000 (2019: unrealized loss of HK$35,817,000) was recognized in profit or loss in the Year.

(d) As an incentive program to align risk and performance of the Group's investments with interests of the employees, the Group set up staff participation plan. At the inception of a qualified investment, the Group will allocate not more than 10% of its own interest in that investment for staff participation. Pursuant to terms of the staff participation plan, the eligible employees will subscribe for the interest of the investment at the same price as the Group's investment cost and share potential profit or loss in proportion to its participation upon the Group's exit of such investment. The classification of current liabilities and non-current liabilities was determined based on the classification of the underlying investments.

During the Year, an unrealized gain of HK$8,259,000, representing the staff participation's share of unrealized loss of the qualified investments, was recognized in profit or loss as the payable to staff participation interests were decreased.

During the year ended 31 March 2019, an unrealized loss of HK$1,026,000, representing the staff participation's share of unrealized gain of the qualified investments, was recognized in profit or loss as the payable to staff participation interests were increased.

24 DEFERRED ASSETS

The following is the deferred tax assets recognized by the Group and movements thereon during the current and prior years:

	Tax losses HK$'000	Unrealized fair value change on investments and related liabilities HK$'000	Other temporary differences HK$'000	Total HK$'000
Balance at 1 April 2018	3,846	(700)	(13)	3,133
Charged to profit or loss for the year	(687)	6,011	(223)	5,101
Balance at 31 March 2019	3,159	5,311	(236)	8,234
Charged to profit or loss for the Year – deferred tax assets de-recognised	(3,159)	(5,311)	236	(8,234)
Balance at 31 March 2020	–	–	–	–

At 31 March 2020, deferred tax has not been recognized in respect of the following items that can be carried forward against future taxable income:

	Tax losses HK$'000	Unrealized fair value change on investments and related liabilities HK$'000	Other temporary differences HK$'000	Total HK$'000
Balance at 1 April 2019	–	–	–	–
Additions	410,718	450,927	4,919	866,564
Balance at 31 March 2020	410,718	450,927	4,919	866,564

Deferred tax assets will only be recognized if it becomes probable that future profits will allow the deferred tax assets to be recovered. As at 31 March 2020, the Group has not recognized the deferred tax assets of HK$151,720,000.

For the year ended 31 March 2019, the Group has recognized all deferred tax assets as of 31 March 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

25 SHARE CAPITAL

	Number of shares			
	2020 Thousand shares	2019 Thousand shares	**2020 HK$'000**	2019 HK$'000
Authorized				
Ordinary shares of HK$0.10 each	**4,000,000**	4,000,000	**400,000**	400,000
At 1 April, issued and fully paid	**2,916,628**	2,937,396	**291,663**	293,740
Issue of shares by way of exercise of share options (note a)	**–**	300	**–**	30
Share repurchased and cancelled (note b)	**(15,688)**	(21,068)	**(1,569)**	(2,107)
At 31 March, issued and fully paid	**2,900,940**	2,916,628	**290,094**	291,663
Share repurchased but not yet cancelled (note b)	**–**	(15,688)	**–**	(1,569)
At 31 March, outstanding and fully paid	**2,900,940**	2,900,940	**290,094**	290,094

Notes:

(a) 300,000 new shares had been issued by way of exercise of share options at a subscription price of HK$1.65 per share for a total cash consideration of HK$495,000 on 9 May 2018.

(b) During the year ended 31 March 2019, the Company repurchased its own ordinary shares of 36,756,000 on the Stock Exchange at an aggregate consideration of approximately HK$78,100,000, of which 21,068,000 ordinary shares were then cancelled by the Company by 31 March 2019. Upon the cancellation of shares, the issued share capital of the Company was reduced by approximately HK$2,107,000 and the premium paid on the repurchase of these cancelled shares of approximately HK$43,416,000, including transaction costs, was deducted from share premium of the Company. As at 31 March 2019, there were 15,688,000 ordinary shares repurchased but not yet cancelled by the Company and recognized as treasury shares. Premium paid on the repurchase of these treasury shares of approximately HK$31,008,000, including transaction costs, was deducted from share premium of the Company.

All 15,688,000 treasury shares have been cancelled on 17 July 2019.

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 2020 and 2019.

Under the terms of the major borrowing facilities, the Group is required to comply with certain financial covenants,such as consolidated tangible net worth, ratio of consolidated net borrowing to consolidated tangible net worth, ratio of total liability to total asset, etc. The Group has complied with these covenants throughout the Year by closely monitoring the Group's financial position and regularly re-visit the covenant requirements during operations to ensure full compliance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

26 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 2020 and 2019, vesting conditions includes performance conditions such as complete or successful exit of specified investment projects and market conditions such as the Company's market capitalization. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

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

Grantee	Date of grant	Outstanding at beginning of the Year	Granted during the Year	Forfeited during the Year	Exercised during the Year	Outstanding at end of the Year	Exercise price HK$	Exercise period
Ex-director	20.5.2016	1,750,000	–	–	–	1,750,000	1.65	20.5.2017 to 19.5.2021
Ex-director	20.5.2016	1,750,000	–	–	–	1,750,000	1.65	20.5.2018 to 19.5.2021
Ex-director	20.5.2016	1,750,000	–	–	–	1,750,000	1.65	20.5.2019 to 19.5.2021
Ex-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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

26 SHARE OPTION SCHEME (continued)

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
Employees/ ex-employees	20.5.2016	4,700,000	–	–	–	4,700,000	1.65	20.5.2017 to 19.5.2021
Employees/ ex-employees	20.5.2016	5,000,000	–	–	–	5,000,000	1.65	20.5.2018 to 19.5.2021
Employees/ ex-employees	20.5.2016	5,000,000	–	–	–	5,000,000	1.65	20.5.2019 to 19.5.2021
Employees/ ex-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	–	(250,000)	–	1,250,000	1.65	20.5.2017 to 19.5.2021
Consultants	20.5.2016	1,500,000	–	(250,000)	–	1,250,000	1.65	20.5.2018 to 19.5.2021
Consultants	20.5.2016	1,500,000	–	(250,000)	–	1,250,000	1.65	20.5.2019 to 19.5.2021
Consultants	20.5.2016	1,500,000	–	(250,000)	–	1,250,000	1.65	20.5.2020 to 19.5.2021
Director	1.2.2018	2,500,000	–	–	–	2,500,000	2.60	1.2.2019 to 31.1.2023
Director	1.2.2018	2,500,000	–	–	–	2,500,000	2.60	1.2.2020 to 31.1.2023
Director	1.2.2018	2,500,000	–	–	–	2,500,000	2.60	1.2.2021 to 31.1.2023
Director	1.2.2018	2,500,000	–	–	–	2,500,000	2.60	1.2.2022 to 31.1.2023
Employees/ ex-employees	1.2.2018	3,000,000	–	–	–	3,000,000	2.60	1.2.2019 to 31.1.2023
Employees/ ex-employees	1.2.2018	3,000,000	–	–	–	3,000,000	2.60	1.2.2020 to 31.1.2023
Employees/ ex-employees	1.2.2018	3,000,000	–	–	–	3,000,000	2.60	1.2.2021 to 31.1.2023
Employees/ ex-employees	1.2.2018	3,000,000	–	–	–	3,000,000	2.60	1.2.2022 to 31.1.2023
		72,700,000	–	(1,000,000)	–	71,700,000		

For the year ended 31 March 2020

26 SHARE OPTION SCHEME (continued)

Movement of the Company's share options during the year ended 31 March 2019:

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	–	–	(300,000)	4,700,000	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

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For the year ended 31 March 2020

26 SHARE OPTION SCHEME (continued)

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
Consultants	20.5.2016	1,500,000	–	–	–	1,500,000	1.65	20.5.2020 to 19.5.2021
Director	1.2.2018	2,500,000	–	–	–	2,500,000	2.60	1.2.2019 to 31.1.2023
Director	1.2.2018	2,500,000	–	–	–	2,500,000	2.60	1.2.2020 to 31.1.2023
Director	1.2.2018	2,500,000	–	–	–	2,500,000	2.60	1.2.2021 to 31.1.2023
Director	1.2.2018	2,500,000	–	–	–	2,500,000	2.60	1.2.2022 to 31.1.2023
Employees	1.2.2018	3,000,000	–	–	–	3,000,000	2.60	1.2.2019 to 31.1.2023
Employees	1.2.2018	3,000,000	–	–	–	3,000,000	2.60	1.2.2020 to 31.1.2023
Employees	1.2.2018	3,000,000	–	–	–	3,000,000	2.60	1.2.2021 to 31.1.2023
Employees	1.2.2018	3,000,000	–	–	–	3,000,000	2.60	1.2.2022 to 31.1.2023
		73,000,000	–	–	(300,000)	72,700,000		

Notes:

(a) The closing prices of the ordinary shares of the Company immediately before the date on option grant date were HK$1.45 and HK$2.57 on 20 May 2016 and 1 February 2018 respectively.

26 SHARE OPTION SCHEME (continued)

Notes: (continued)

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

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

Theoretical aggregate value:	HK$32,822,000
Fair value recognized in profit or loss during the Year:	HK$280,000 (2019: HK$2,394,000)
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 1 February 2018 was as follows:

Theoretical aggregate value:	HK$20,539,000
Fair value recognized in profit or loss during the Year:	HK$5,150,000 (2019: HK$9,806,000)
Risk free interest rate:	1.828%
Expected volatility:	43.30%
Expected life of the options:	5 years from the date of grant
Expected dividend yield:	0.93%

The measurement dates of the share options were 20 May 2016 and 1 February 2018, 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 and Reuters.

(c) 300,000 new shares had been issued by way of exercise of share options at a subscription price of HK$1.65 per share for a total cash consideration of HK$495,000 on 9 May 2018. The closing share price of the Company on 9 May 2018 was HK$3.09.

27 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 2020 of approximately HK$4,114,445,000 (2019: HK$5,630,463,000) by the number of ordinary shares in issue less treasury shares at that date, being 2,900,940,000 (2019: 2,900,940,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

28 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.

The conditions have not been met during the Year and hence, no Warrant was issued to the Consultant.

29 MAJOR NON-CASH TRANSACTIONS

Except for the issue of unlisted warrants as disclosed in note 28 and the related party transaction as disclosed in note 31(d), no other non-cash transactions were recorded in both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

30 COMMITMENTS

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

	Note	Group 2020 HK$'000	Group 2019 HK$'000
Capital contribution to BEFS	i	**174,480**	186,776
Capital contribution to 東英騰華	ii	**98,145**	105,062
Capital contribution to Zhong Wei Capital L.P. ("Zhong Wei")	iii	**–**	6,280
Capital contribution to OP Fine Billion L.P.	iv	**5,000**	5,000
Capital contribution to 昆侖投資基金	v	**2,400**	2,400
Capital contribution to 東創智能	vi	**3,272**	–

Notes:

(i) According to "Shareholders' Agreement" signed between the Group, Beijing Enterprises Water Group and Shanghai Hengshi Wealth Investment Limited, the Group has committed to a further capital contribution of RMB160,000,000 (equivalent to HK$174,480,000) to BEFS. The capital will be drawn down on as-needed basis.

(ii) According to "Investment agreement" of 東英騰華, The Group has committed to a capital contribution of RMB90,000,000 (equivalent to approximately HK$98,145,000) to 東英騰華. The capital will be drawn down on as-needed basis.

(iii) According to the "Second Amended and Restated Limited Partnership Agreement" signed by Profit Raider Investments Limited, a wholly owned subsidiary of the Group on 18 September 2015, the Group has committed to a capital contribution of US$2 million (equivalent to approximately HK$15,700,000) to Zhong Wei. Contributions will be made when capital call is issued by the general partner of the limited partnership. As at 31 March 2020, US$2,000,000 (2019: US$1,200,000) was called.

(iv) 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 as-needed basis.

(v) According to "Shareholders' Agreement" and "Supplementary to Shareholders' Agreement" signed by the Company and Great Wonderful, a wholly-owned subsidiary of the Group, the Group has committed to a capital contribution of HK$3,000,000 to 昆侖投資基金. As at 31 March 2020, HK$600,000 was called. The capital will be drawn down on as-needed basis.

(vi) According to "shareholders' resolution" of 東創智能, The Company has committed to a capital contribution of RMB3,000,000 (equivalent to approximately HK$3,272,000) to 東創智能. The capital will be drawn down on as-needed basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

31 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	2020 HK$'000	2019 HK$'000
Oriental Patron Asia Limited ("OPAL") (note a)	Investment management fee paid	**13,800**	13,800
Oriental Patron Management Services Limited ("OPMSL") (note b)	Rental paid	**9,210**	9,078
Oriental Patron Securities Limited ("OPSL") (note c)	Securities brokerage fee	**179**	758
Financial Center For South-South Cooperation Limited ("FCSSCL") (note d)	Interest income	**119**	475
	Prepaid service fee of approximately HK$6,583,000 (2019: Nil) was included in prepayments and other receivables	**3,392**	–
Oriental Patron Capital Partners Limited ("OPCPL") (note e)	Expenses recoverable of approximately HK$1,106,000 (2019: Nil) was included in accounts receivable	**1,106**	–
Rich Fortune Allied Limited ("RFAL") (note f)	Expenses paid on behalf of the Group of approximately HK$391,000 (2019: Nil) was included in other payables	**391**	–
Pennard Investments Limited ("PIL") (note g)	Disposal of a subsidiary	**–**	–

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.

Pursuant to an investment management agreement ("New Investment Management Agreement") dated 18 July 2018 entered into between the Company and OPAL, OPAL agreed to provide the Company with investment and management services for a term from the first calendar day of the month immediately following the month upon the New Investment Management Agreement becoming effective until 31 March 2021. Pursuant to its terms, the investment management fee is HK$1,150,000 per month.

On 10 March 2018, the Company agreed with OPAL to adjust the performance fee to zero.

(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 monthly rental of HK$746,535, HK$756,520 and HK$767,504 for the years ending 31 March 2018, 2019 and 2020.

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.

Securities brokerage fee is charged at a range from 0.15% to 3.12% of the transaction proceeds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

31 RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

(d) On 20 June 2016, the Company subscribed a HK$9,500,000 promissory note issued by FCSSCL. FCSSCL is considered a related company of the Group as it is owned 50% by one of the directors, Mr. ZHANG Zhi Ping.

The promissory note carries interest at the rate of 5% per annum and payable annually on 22 June in each year in arrears.

The Group recognized HK$119,000 interest income in the profit or loss for the Year (2019: HK$475,000).

On 29 July 2019, the Company entered into a service agreement with FCSSCL to which FCSSCL provided a series of services to the Company for a term of three years commencing from 30 July 2019 at an initial expansion cost and annual service fee of HK$2,700,000 and HK$2,425,000 respectively. The service fee payable will be set off against the principal amount of HK$9,500,000 and the last interest payment of HK$475,000, totalling HK$9,975,000 on the maturity date of FCSSCL promissory note, being 21 June 2019, on one-off basis, and the Company shall have no further obligation to pay any expenses. Prepaid service fee is amortized in proportion to services rendered by FCSSCL during the Year.

(e) Pursuant to an agency agreement signed between the Company and OPCPL, OPCPL agreed to reimburse the actual expenses incurred by the Company, for a term of one year from 1 October 2019.

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

(f) RFAL is a related party to the Group as the director, Mr. Liu Zhiwei is a common director and ultimate beneficial shareholder of RFAL.

(g) On 12 June 2019, the Company entered into a sale and purchase agreement with PIL to dispose of its entire interest in 東英(平潭)投資有限公司 at no consideration. The disposal was completed during the Year.

PIL is considered a related company as PIL is an associate of Oriental Patron Financial Group Limited.

Please refer to notes 18 and 22 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.

32 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$644,000 (2019: approximately HK$641,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

33 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	2020 HK$'000	2019 HK$'000
Non-current assets		
Fixed assets	**5,927**	3,187
Deferred tax assets	**–**	5,188
Investments in subsidiaries	**401,153**	100,291
Amounts due from subsidiaries	**1,731,813**	2,253,264
Investments accounted for using equity method	**169,050**	183,845
Debt investments	**246,673**	1,423,674
	2,554,616	3,969,449
Current assets		
Financial assets at fair value through profit or loss	**646,110**	369,427
Debt investments	**961,626**	601,805
Accounts and loans receivable	**38,210**	119,112
Prepaid tax	**–**	12,837
Interest receivables	**9,737**	29,640
Prepayments and other receivables	**11,449**	4,984
Bank and cash balances	**104,972**	183,324
	1,772,104	1,321,129
Total assets	**4,326,720**	5,290,578
Capital and reserves		
Share capital	**290,094**	290,094
Reserves	**3,548,640**	4,915,902
Total equity	**3,838,734**	5,205,996
Current liabilities		
Accounts payable	**–**	11,000
Other payables	**32,801**	6,485
Loan payable	**440,000**	–
Financial liabilities at fair value through profit or loss	**10,612**	37,295
Lease liabilities	**2,709**	–
Tax payables	**–**	20,965
	486,122	75,745
Non-current liabilities		
Financial liabilities at fair value through profit or loss	**931**	8,837
Lease liabilities	**933**	–
	1,864	8,837
Total liabilities	**487,986**	84,582
Total equity and liabilities	**4,326,720**	5,290,578
Net assets	**3,838,734**	5,205,996

Approved by the Board of Directors on 30 June 2020.

ZHANG Gaobo
Director

LIU Zhiwei
Director

33 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 2018	4,748,570	31,924	155,399	4,935,893
Adjustment on adoption of HKFRS 9	–	–	(40,449)	(40,449)
At 1 April 2018 (restated)	4,748,570	31,924	114,950	4,895,444
Vesting of share options	–	12,200	–	12,200
Issue of new shares due to exercise of share options	658	(193)	–	465
Dividend paid	–	–	(117,508)	(117,508)
Repurchase of shares	(74,424)	–	–	(74,424)
Total comprehensive income for the year	–	–	199,725	199,725
At 31 March 2019 and 1 April 2019	4,674,804	43,931	197,167	4,915,902
Vesting of share options	–	5,430	–	5,430
Transfer upon forfeiture of share options	–	(643)	643	–
Dividend paid	–	–	(133,443)	(133,443)
Total comprehensive income for the Year	–	–	(1,239,249)	(1,239,249)
At 31 March 2020	**4,674,804**	**48,718**	**(1,174,882)**	**3,548,640**

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

The Board recommended the payment of a final dividend of HK$0.046 per ordinary share for the year ended 31 March 2019.

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 2020 were approximately HK$3,548,640,000 (2019: HK$4,915,902,000).

(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.

(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.

(iii) Surplus reserve

According to the PRC Company Law, the PRC subsidiaries of the Group (excluding foreign investment enterprises) are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

34 INVESTMENTS IN SUBSIDIARIES

Details of the principal subsidiaries at 31 March 2020 are as follows:

Name of subsidiary	Place of incorporation and operation	Kind of legal entity	Issued and paid up capital	Effective interest held	Principal activity
Golden Investor Investments Limited	British Virgin Islands	Limited liability company	US$2	100%	Investment holding
Great Wonderful Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
OP Capital Investments Limited	Hong Kong	Limited liability company	HK$1	100%	Investment holding
OP Digital Life (GP) Ltd	Cayman Islands	Limited liability company	US$1	100%	Investment holding
OP Digital Me Ltd	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
OP Felicity Limited	Hong Kong	Limited liability company	HK$1	100%	Investment holding
OPFI GP(2) Limited	Cayman Islands	Limited liability company	HK$0.1	100%	Investment holding
OP Fintech Holdings Limited	Cayman Islands	Limited liability company	US$1	100%	Investment holding
OP Furnishings (1) Limited	British Virgin Islands	Limited liability company	US$1	100%	Dormant
OP Healthcare Ltd	Cayman Islands	Limited liability company	US$1	100%	Dormant
OP Investment Service Limited	Hong Kong	Limited liability company	HK$1	100%	Administrative service center for group companies
Power Creation Global Limited	British Virgin Islands	Limited liability company	US$100	100%	Investment holding
Prestige Power Global Limited	British Virgin Islands	Limited liability company	US$1	100%	Dormant
Profit Raider Investments Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
Prosper Gain Holdings Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
River King Investments Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
Silver Path Ventures Limited	British Virgin Islands	Limited liability company	US$1	100%	Dormant
Snowball Plan Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
South South Financial Investment Group Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
Spring Inside Limited	British Virgin Islands	Limited liability company	–	100%	Investment holding
Spring Kirin Limited	British Virgin Islands	Limited liability company	US$1	100%	Dormant
Suremind Investments Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding

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For the year ended 31 March 2020

34 INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and operation	Kind of legal entity	Issued and paid up capital	Effective interest held	Principal activity
Wall King Industry Investment Limited	British Virgin Islands	Limited liability company	US$13,000,000	100%	Investment holding
英奇投資(杭州)有限公司	China	Limited liability company	RMB83,159,818	100%	Investment holding
深圳東英管理諮詢有限公司	China	Limited liability company	HK$8,000,000#	100%	Administrative service center for group companies
Apex Ridge Limited	British Virgin Islands	Limited liability company	US$1	100%*	Dormant
Digital Life L.P.	Cayman Islands	Exempted limited partnership	–	100%*	Investment holding
Hong Kong Wall King Industry Investment Limited	Hong Kong	Limited liability company	HK$1,000,000	100%*	Investment holding
Keynew Investments Limited	British Virgin Islands	Limited liability company	US$1	100%*	Investment holding
OP Digital Me Investment Ltd	British Virgin Islands	Limited liability company	US$1	100%*	Investment holding
OP New Health Limited	Hong Kong	Limited liability company	HK$1	100%*	Investment holding
Peak Achiever Holdings Limited	British Virgin Islands	Limited liability company	US$1	100%*	Dormant
South South Financial Investment Group (HK) Limited	Hong Kong	Limited liability company	HK$1	100%*	Dormant
South South Green Energy Investments Limited	Hong Kong	Limited liability company	HK$1	100%*	Dormant
Wisland Investments Limited	British Virgin Islands	Limited liability company	US$1	100%*	Investment holding
World Master Global Limited	British Virgin Islands	Limited liability company	US$1	100%*	Investment holding
上海鑫途信息科技有限公司	China	Limited liability company	RMB15,000,000#	100%*	Investment holding
深圳華茂嘉德實業有限公司	China	Limited liability company	HK$1,000,000	100%*	Investment holding
橫琴英奇股權投資企業(有限合夥)	China	Limited partnership	RMB50,000	100%*	Dormant

* Shares held indirectly by the Company

\# Capital registered but not paid up

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For the year ended 31 March 2020

34 INVESTMENTS IN SUBSIDIARIES (continued)

Details of the principal subsidiaries at 31 March 2019 are as follows:

Name of subsidiary	Place of incorporation and operation	Kind of legal entity	Issued and paid up capital	Effective interest held	Principal activity
Golden Investor Investments Limited	British Virgin Islands	Limited liability company	US$2	100%	Investment holding
Great Wonderful Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
OP Capital Investments Limited	Hong Kong	Limited liability company	HK$1	100%	Investment holding
OP Digital Life (GP) Ltd	Cayman Islands	Limited liability company	US$1	100%	Investment holding
OP Digital Me Ltd	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
OP Felicity Limited	Hong Kong	Limited liability company	HK$1	100%	Investment holding
OPFI GP(2) Limited	Cayman Islands	Limited liability company	HK$0.1	100%	Investment holding
OP Fintech Holdings Limited	Cayman Islands	Limited liability company	US$1	100%	Investment holding
OP Furnishings (1) Limited	British Virgin Islands	Limited liability company	US$1	100%	Dormant
OP Healthcare Ltd	Cayman Islands	Limited liability company	US$1	100%	Dormant
OP Investment Service Limited	Hong Kong	Limited liability company	HK$1	100%	Administrative service center for group companies
Power Creation Global Limited	British Virgin Islands	Limited liability company	US$100	100%	Investment holding
Prestige Power Global Limited	British Virgin Islands	Limited liability company	US$1	100%	Dormant
Profit Raider Investments Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
Prosper Gain Holdings Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
River King Investments Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
Silver Path Ventures Limited	British Virgin Islands	Limited liability company	US$1	100%	Dormant
Snowball Plan Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
South South Financial Investment Group Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding
Spring Inside Limited	British Virgin Islands	Limited liability company	–	100%	Investment holding
Spring Kirin Limited	British Virgin Islands	Limited liability company	US$1	100%	Dormant
Suremind Investments Limited	British Virgin Islands	Limited liability company	US$1	100%	Investment holding

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For the year ended 31 March 2020

34 INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation and operation	Kind of legal entity	Issued and paid up capital	Effective interest held	Principal activity
東英(平潭)投資有限公司	China	Limited liability company	US$30,000,000#	100%	Dormant
英奇投資(杭州)有限公司	China	Limited liability company	RMB83,159,818	100%	Investment holding
深圳東英管理諮詢有限公司	China	Limited liability company	HK$8,000,000#	100%	Administrative service center for group companies
Apex Ridge Limited	British Virgin Islands	Limited liability company	US$1	100%*	Investment holding
Digital Life L.P.	Cayman Islands	Exempted limited partnership	–	100%*	Investment holding
Keynew Investments Limited	British Virgin Islands	Limited liability company	US$1	100%*	Investment holding
OP Digital Me Investment Ltd	British Virgin Islands	Limited liability company	US$1	100%*	Investment holding
OP Fine Billion Limited	Hong Kong	Limited liability company	HK$1	100%*	Investment holding
OP New Health Limited	Hong Kong	Limited liability company	HK$1	100%*	Investment holding
Peak Achiever Holdings Limited	British Virgin Islands	Limited liability company	US$1	100%*	Dormant
South South Financial Investment Group (HK) Limited	Hong Kong	Limited liability company	HK$1	100%*	Dormant
South South Green Energy Investments Limited	Hong Kong	Limited liability company	HK$1	100%*	Dormant
Wisland Investments Limited	British Virgin Islands	Limited liability company	US$1	100%*	Investment holding
World Master Global Limited	British Virgin Islands	Limited liability company	US$1	100%*	Investment holding
上海鑫途信息科技有限公司	China	Limited liability company	RMB15,000,000#	100%*	Investment holding
橫琴英奇股權投資企業(有限合夥)	China	Limited partnership	RMB50,000	100%*	Dormant

* Shares held indirectly by the Company
\# Capital registered but not paid up

For the year ended 31 March 2020

35 PARTICULARS OF MAJOR INVESTMENTS HELD BY THE GROUP

Particulars of investments held by the Group as at 31 March 2020 disclosed pursuant to Chapter 21 of the Listing Rules are as follows:

Name of equity securities	Nature of business	Proportion of investee's capital owned (%)	Cost HK$'000	Carrying amount HK$'000	Net asset attributable to the Group HK$'000	Dividend received/ receivable HK$'000	Percentage of the Group's total assets (%)
Investments accounted for using equity method							
TUVL – ordinary shares	Asset Management	25%	351,671	342,741	342,741	14,095	#7.18%
CSOP – ordinary shares	Asset Management	22.5%	60,000	95,023	95,023	34,864	#1.99%
BEFS – contribution	Investment holding	20%	46,640	55,520	55,520	–	1.16%
Financial assets at fair value through profit or loss							
OPIMH – non-voting preference shares	Asset management	100%	58,000	43,120	43,120	–	0.09%
Xiaoju Kuaizhi Inc. – preference shares	Mobile transportation platform	<1%	116,445	83,915	83,915	–	1.76%
Victorian Investment Limited Partnership – contribution	Pharmaceutical and healthcare	46.15%	234,795	129,943	129,943	–	#2.72%
iCarbonX Group Limited – ordinary shares	Medical and healthcare	7.7%	1,098,790	1,146,164	1,146,164	–	#24.00%
華建實業投資有限公司	Investment holding	12.5%	370,000	370,000	370,000	–	#7.75%
Telling Telecommunication Holding Co., Ltd. – listed securities	Tele-communication	1.59%	206,032	93,640	93,640	–	#1.96%
Central China New Life Limited	Property management service	0.88%	11,000	51,690	51,690	–	1.08%

Reference code	Principal activity of borrower	Borrower's purpose of loan	Tenure	Cost HK$'000	Carrying amount HK$'000	Net asset attributable to the Group HK$'000	Total interest for the Year HK$'000	Interest detail	Percentage of the Group's total assets (%)
Debt investments									
Debenture A	Unlisted debt investments, financing arrangement	Unlisted debt investments	3 years	254,000	241,744	241,744	22,017	8% per annum, pay quarterly	#5.06%
Debenture C	Private equity investments	Private equity investments	3 years	345,000	328,353	328,353	29,046	8% per annum, pay quarterly	#6.88%
Debenture D	Private equity investments	Private equity investments	3 years	267,000	254,116	254,116	23,879	8% per annum, pay quarterly	#5.32%
Debenture H	Listed equity, listed and unlisted debt investments	Unlisted debt investments	18-24 months	403,000	167,811	167,811	21,650	7%-8% per annum, pay at maturity	#3.51%

Represents ten largest investments as at 31 March 2020

* Debenture G was fully repaid during the Year

35 PARTICULARS OF MAJOR INVESTMENTS HELD BY THE GROUP (continued)

Particulars of investments held by the Group as at 31 March 2019 disclosed pursuant to Chapter 21 of the Listing Rules are as follows:

Name of equity securities	Nature of business	Proportion of investee's capital owned (%)	Cost HK$'000	Carrying amount HK$'000	Net asset attributable to the Group HK$'000	Dividend received/ receivable HK$'000	Percentage of the Group's total assets (%)
Investments accounted for using equity method							
TUVL – ordinary shares	Asset Management	25%	351,671	688,737	688,737	14,304	#11.72%
CSOP – ordinary shares	Asset Management	30%	60,000	98,690	98,690	65,400	1.68%
OP EBS Fintech – contribution	Internet finance	40%	156,255	156,533	156,533	–	#2.66%
BEFS – contribution	Investment holding	20%	46,640	51,288	51,288	–	0.87%
Financial assets at fair value through profit or loss							
OPIM/OPIMC – non-voting preference shares	Asset management	100%	52,123	57,909	57,909	–	0.99%
Xiaoju Kuaizhi Inc. – preference shares	Mobile transportation platform	<1%	116,445	156,885	156,885	–	#2.67%
Victorian Investment Limited Partnership – contribution	Pharmaceutical and healthcare	46.15%	234,795	236,786	236,786	–	#4.03%
iCarbonX Group Limited – ordinary shares	Medical and healthcare	<5%	1,098,790	1,099,000	1,099,000	–	#18.70%

Reference code	Principal activity of borrower	Borrower's purpose of loan	Tenure	Cost HK$'000	Carrying amount HK$'000	Net asset attributable to the Group HK$'000	Total interest for the year HK$'000	Interest detail	Percentage of the Group's total assets (%)
Debt investments									
Debenture A	Unlisted debt investments, financing arrangement	Unlisted debt investments	3 years	284,000	273,321	273,321	22,716	8% per annum, pay quarterly	#4.65%
Debenture C	Private equity investments	Private equity investments	3 years	370,000	369,348	369,348	29,594	8% per annum, pay quarterly	#6.29%
Debenture D	Private equity investments	Private equity investments	3 years	312,000	300,263	300,263	24,955	8% per annum, pay quarterly	#5.11%
Debenture F	Private equity, listed and unlisted debt investments	Debt investments, financing arrangement	1 year	500,000	480,742	480,742	43,699	10% per annum, pay quarterly	#8.18%
Debenture G	Real estate – related investments	Real estate – related investments	1 year	289,000	284,646	284,646	24,308	10% per annum, pay quarterly	#4.84%

Represents ten largest investments as at 31 March 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

36 CONTINGENT LIABILITIES

At 31 March 2020, the Group had given guarantees in respect of the settlement of RMB20,000,000 (equivalent to HK$21,810,000) (2019: HK$23,347,000) loan provided by 博石資產管理股份有限公司 to 上海幸福九號網絡科技有限公司. Due to the financial difficulties of 上海幸福九號網絡科技有限公司, the Company had been demanded by 博石資產管理股份有限公司 to settle the loan on behalf of 上海幸福九號網絡科技有限公司 as at the date of this report. As such, a provision for loan guarantee of RMB20,000,000 (equivalent to HK$21,810,000) (2019: Nil) was recognized as at 31 March 2020.

37 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below shows detailed changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Loan payables HK$'000	**Interest payable (included in other payables)** HK$'000	**Dividend payable** HK$'000	**Lease liabilities** HK$'000	**Total liabilities from financing activities** HK$'000
At 1 April 2018	127,975	2,332	–	–	130,307
Proceeds from loans	734,800	–	–	–	734,800
Repayment of loans	(786,856)	–	–	–	(786,856)
Interest paid	–	(12,810)	–	–	(12,810)
Dividend paid	–	–	(117,508)	–	(117,508)
Total changes from financing cash flows	75,919	(10,478)	(117,508)	–	(52,067)
Other changes:					
Dividend declared	–	–	117,508	–	117,508
Interest accrued	–	10,478	–	–	10,478
Exchange difference	(4,361)	–	–	–	(4,361)
Total other changes	(4,361)	10,478	117,508	–	123,625
At 31 March 2019 and 1 April 2019	71,558	–	–	–	71,558
Proceeds from loans	1,286,835	–	–	–	1,286,835
Repayment of loans	(846,790)	–	–	–	(846,790)
Payments for principal portion of lease liabilities					
– by the Company	–	–	–	(31,928)	(31,928)
Interest paid	–	(13,472)	–	(3,945)	(17,417)
Dividend paid	–	–	(133,443)	–	(133,443)
Total changes from financing cash flows	511,603	(13,472)	(133,443)	(35,873)	328,815
Other changes:					
Lease liabilities recognised per HKFRS 16	–	–	–	113,380	113,380
Lease modifications	–	–	–	(1,460)	(1,460)
Add:					
Payments for principal portion of lease liabilities					
– by a related party on behalf of the Group	–	–	–	(375)	(375)
Dividend declared	–	–	133,443	–	133,443
Interest accrued	–	15,007	–	3,945	18,952
Exchange difference	(4,755)	–	–	–	(4,755)
Total other changes	(4,755)	15,007	133,443	115,490	259,185
At 31 March 2020	506,848	1,535	–	79,617	588,000

38 SUBSEQUENT EVENTS

(1) After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across Mainland China and Hong Kong. In light of this, the Group has considered the potential impact of COVID-19 on this consolidated financial statements as at 31 March 2020 and for the year then ended, in particular the impact on the fair value of unlisted financial instruments, and expected credit losses for the Group's debt investments where significant management judgement has been exercised. Subsequent to the year end, the Group has continued to pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results as part of the subsequent event review. As at the date on which this set of consolidated financial statements were authorised for issue, the Group was not aware of any further material effects on the consolidated financial statements as a result of the COVID-19 outbreak.

(2) Following its filing for listing application on Hong Kong Exchanges and Clearings in November 2019, CCNL, to which OP Financial made an investment in March 2019, was successfully listed on the stock exchange on 15 May 2020 with the closing price of the first trading day up 22.2% against its IPO price.

39 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board on 30 June 2020.

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				
	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000	2016 HK$'000
Results					
Turnover	**352,164**	1,784,148	430,744	428,550	437,942
Revenue	**181,816**	227,892	125,437	101,607	29,492
(Loss)/profit before tax	**(1,366,617)**	277,159	136,262	201,270	44,137
Taxation	**(6,057)**	(20,469)	7,158	(13,210)	20
(Loss)/profit for the year	**(1,372,674)**	256,690	143,420	188,060	44,157
Other comprehensive income	**396**	(249)	52,730	17,060	(4,503)
Total comprehensive income	**(1,372,278)**	256,441	196,150	205,120	39,654

	At 31 March				
	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000	2016 HK$'000
Assets and liabilities					
Total assets	**4,775,088**	5,875,752	6,149,840	3,036,148	2,657,712
Total liabilities	**(660,643)**	(245,289)	(554,982)	(121,648)	(19,369)
Net assets	**4,114,445**	5,630,463	5,594,858	2,914,500	2,638,343