

BRIDGING
ENABLEMENT

Interim Report 2019/2020

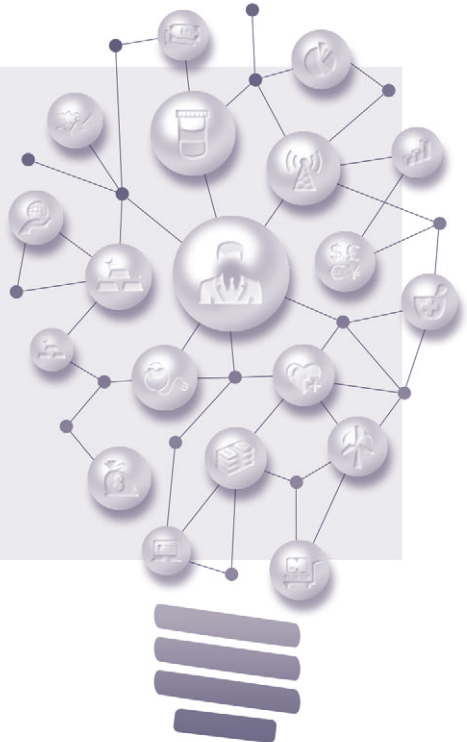


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FORWARD-LOOKING STATEMENTS

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



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. ZHANG Zhi Ping (*Honorary Chairman*)
Mr. ZHANG Gaobo (*Chairman*)
Dr. LIU Zhiwei (*CEO*)
Mr. ZHANG Weidong

Non-executive Director

Dr. WU Zhong (*Deputy Chairman*)

Independent Non-executive Directors

Prof. HE Jia
Mr. KWONG Che Keung, Gordon
(*retired on 27 August 2019*)
Mr. WANG Xiaojun
Mr. CHEN Yuming
Dr. FU Weigang

AUDIT COMMITTEE

Mr. CHEN Yuming (*appointed as Chairman on 23 October 2019*)
Mr. KWONG Che Keung, Gordon
(*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

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CORPORATE INFORMATION (CONTINUED)

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Oriental Patron Asia Limited

AUDITOR

PricewaterhouseCoopers

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8 Connaught Place
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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

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 first half of this financial year was full of uncertainties and challenges. OP Financial continued to conduct prudent and diversified investment strategy and adopt a rigorous risk management approach during the Period, and recorded revenue of approximately HK\$106.13 million and total comprehensive income of approximately HK\$265.91 million. As at 30 September 2019, our net asset value increased to approximately HK\$5,751.19 million as compared to approximately HK\$5,630.46 million as at 31 March 2019.

The trade war between the US and China, which erupted in the first half of 2018, has been exerting pressure on the economy of both the US and China. The markets have been deeply concerned about the global economic development being dragged down.

Nevertheless, we still have implicit faith in the long-term development of China's economy and firmly believe that China can gain global leading edges in many sectors.

Why are we so confident?

Firstly, the economic globalization trend is irreversible. The correlation among countries has become very strong after decades of globalization in terms of all aspects including but not limited to energy, capital, industries and markets.

Secondly, it is hard to replace China's position in the global industrial chain. The ultra large scale of China's industrial system has made it deeply embedded in the global economy with a position which is hard to be shaken. This laid the foundation for China's economic development.

Thirdly, the massive size of China's population not only builds a huge domestic demand market, but also creates the advantage of a mega sample size, with which the technology of 5G, big data and artificial intelligence will enable China's digital health industry to enter a golden development period.

CHAIRMAN'S STATEMENT (CONTINUED)

Therefore, OP Financial will continue to implement the investment strategy centering on long-term core holding and place emphasis on: i) the new industries deriving from new technologies including biotech, big data and AI, such as digital health; ii) the industries propelled by new opportunities in the new phase of China's development, such as environmental protection industry; iii) other industries that benefit from the growth of China's domestic demand market. Among the new business models and industries, we are committed to identifying the future leading companies which possess wide economic moat and remarkable growth prospect, and supporting our core holding companies' long-term strategic goals through leveraging the advantage of patient capital as a public company, so as to achieve decent returns for shareholders.

Going forward, OP Financial will continue to identify outstanding investees to add to our core holding portfolio through vigorously deploying all sorts of resources and leveraging the platform advantage of a public company to capture the historic opportunities provided by China's economic development. In addition, we will center on the core holding companies to explore medium and short-term investment opportunities along their industrial chains, enabling core holding companies to build their ecosystem through capital and at the same time achieving the synergies of our investment strategy and creating marginal and diversified returns for shareholders.

ZHANG Gaobo

Chairman

29 November 2019, Hong Kong



MANAGEMENT DISCUSSION AND ANALYSIS

THE OP FINANCIAL CHARTER

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 responsible investment. The integration of industry, technology and financial capital has become an irresistible trend, which will drive 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 portfolio. Our investment covers long-term core holding, medium-term private equity and venture capital, and short-term arbitrage opportunities, with returns generating from interests, dividends, and capital appreciation.

INVESTMENT REVIEW

Investment Activities

During the Period, we continued to carry out the investment strategy of focusing on China's fast-growing industries and identifying market leaders or potential leaders thereof as core holding portfolio. Considering the uncertainty and volatility in global macro economy and capital markets, we remained prudent on new equity investments and endeavored to make maximum value of our capital and the financing capability as a public company.

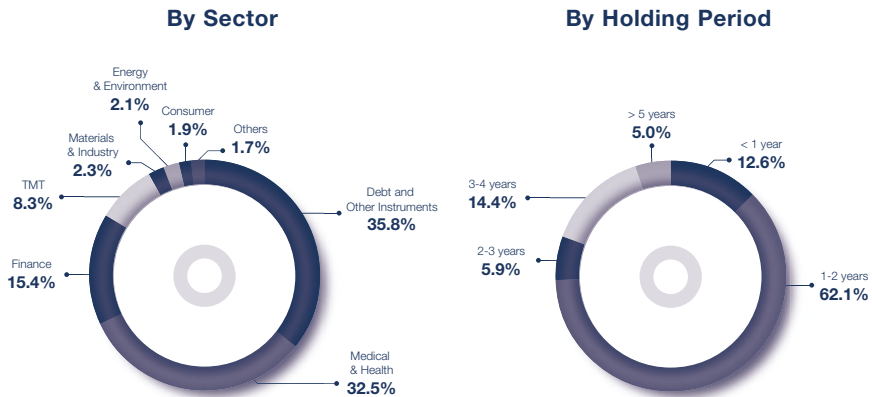
We invested HK\$1,217.45 million during the six months ended 30 September 2019, mainly through private equity and debt instruments. Apart from the new investment, our divestment amounted to HK\$833.77 million for the Period, mainly derived from some short-term debt instruments, listed securities and private equity investment.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Portfolio Breakdown

Our investment strategy is comprised of three parts based on holding period, namely long-term core holding, medium-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 medium-term private equity and venture capital strategy targets not only various opportunities in emerging industries but also fostering ecosystem for our core holding companies. The short-term arbitrage and others strategy mainly focuses on opportunities that emerge from short-term financing needs and other opportunistic deals.

As of 30 September 2019, the top three sectors of our existing portfolio were medical & health, finance and TMT. Our leading position in the medical & health sector in terms of valuation was the investment in iCarbonX, while in the finance sector, Beijing International Trust Co., Ltd. accounted for the biggest share. Our major investments in the TMT sector included Didi Chuxing and Wacai.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

MAJOR INVESTMENT PORTFOLIO

Long-Term Core Holding

As of 30 September 2019, the value of OP Financial's position in the core holding companies amounted to HK\$1,810.35 million. The portfolio comprised iCarbonX, which focuses on digital health management, CSOP Asset Management Limited ("CSOP"), the largest RQFII manager globally, and OPIM Holdings Limited ("OPIM"), which is Asia's leading hedge fund platform. OP Financial will hold the core holding companies supporting their development in the long run and pursuing long-term investment return correspondingly.

iCarbonX Group Limited

Date of initial investment: 2018
Type of deal: Core Holding
Equity ownership: ~5%, plus award
Carrying value: HK\$1,591.73 million
Location: China
Industry: Medical & Healthcare

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 an award agreement with iCarbonX who awarded the Company an aggregate of approximately 3% of its total equity, as a result of which the Company will own approximately 8% equity interests of iCarbonX in total upon completion of the procedures stipulated in the agreement.

iCarbonX is a global pioneer in artificial intelligence 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

iCarbonX established the Digital Life 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. OP Financial believes that iCarbonX's expertise in life science and artificial intelligence equips the company with unparalleled competitive advantages. 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 (CONTINUED)

CSOP Asset Management Limited ("CSOP")

Date of initial investment: 2008
Type of deal: Core Holding
Equity ownership: 22.5%
Carrying value: HK\$116.97 million
Location: Hong Kong
Industry: Finance

CSOP was jointly established by OP Financial and China Southern Asset Management Co., Ltd. in 2008. As at 30 September 2019, OP Financial's equity ownership of CSOP decreased to 22.5% from 30% as at 31 March 2019 as a result of the allotting of 66,666,667 ordinary shares by CSOP to its staff during the Period.

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. To capture opportunities in the fast-changing market, CSOP launched innovative products during the Period, including leverage/reverse ETFs, Hong Kong dollar and US dollar Money Market ETFs, GAMA quantitative index strategy products, etc.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

China has been accelerating the reforms and opening-up of its financial market in recent years and it remains one of the most attractive investment destinations for international investors despite the trade dispute with the US. 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.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

OPIM Holdings Limited

Date of initial investment: 2008
Type of deal: Core Holding
Equity ownership: 30%
Carrying value: HK\$101.65 million
Location: Hong Kong
Industry: Finance

As at 30 September 2019, OP Financial owned 30% of the issued share capital in OPIM Holdings Limited and also owned 100% of the issued non-voting preference shares of its subsidiaries (together “OPIM”).

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

With the acceleration of the entrance of China's private equity funds to the overseas market, OPIM is expected to maintain a steady rise in the asset of the momentum, in terms of the growth of the number of funds and the overall scale. At the same time, China is accelerating the opening-up of its capital market, which will improve 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 (CONTINUED)

Medium-Term Private Equity and Venture Capital

As of 30 September 2019, OP Financial's holding in the medium-term private equity and venture capital category amounted to HK\$1,579.28 million. The Company added two investments amounting to HK\$14.14 million and exited from a few projects in this category during the Period. OP Financial is expected to benefit from medium-term asset appreciation and as a result will maintain the holding as reserve for future divestment. 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%
Carrying value: HK\$506.88 million
Location: China
Industry: Finance

OP Financial acquired 25% equity interest in Treasure Up Ventures Limited, which in turn participates in a minority economic interest in BITIC.

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 macroeconomic situation and national policy environment, BITIC implemented the strategy of focusing on quality rather than quantity and adjusted its service offerings in 2018, which enabled the steady growth in its trust assets. 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 to the Company.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Victorian Investment Limited Partnership

Date of initial investment: 2018
Type of deal: Private Equity
Equity ownership: 46.15%
Carrying value: HK\$183.96 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 Chinese company.

The investment has a duration of 3 years and OP Financial plans to divest the investment upon maturity. The investment in Victorian Investment Limited Partnership allows OP Financial to further benefit from the potential upside in the Chinese healthcare sector, echoing the Company's investment focus.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Xiaoju Kuaizhi Inc. (Didi Chuxing)

Date of initial investment: 2016
Type of deal: Private Equity
Equity ownership: <1%
Carrying value: HK\$156.71 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.

Didi Chuxing is the world’s leading one-stop mobile transportation platform by offering a full range of app-based mobility options for 550 million registered users.

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 industry to continuously optimize its service offerings and has been making significant progress in expanding its global footprints. OP Financial believes that with Didi Chuxing’s leading position in the industry and its penetration in the smart transportation sector, the Company will benefit from the prospects of Didi Chuxing, which in turn will drive the capital appreciation of the investment.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

OP EBS Fintech Investment L.P. (Wacai Holdings Limited, or “Wacai”)

Date of initial investment: 2017
Type of deal: Private Equity
Equity ownership: 40%
Carrying value: HK\$158.17 million
Location: China
Industry: TMT

OP EBS Fintech Investment L.P. was jointly formed by OP Financial and China Everbright Securities International Structured Finance Company Limited, for the subscription of preferred shares issued by Wacai.

As one of the earliest established fintech companies in China, Wacai has gradually evolved into an integrated internet finance platform, offering its customers tools and services on personal financial management, wealth management and credit solution.

OP Financial expects the Internet finance industry will continue to be driven by the technological advancement. The industry regulation in China is becoming increasingly standardized. It is expected that major players, including Wacai, will benefit from the gradual consolidation of the currently fragmented market. OP Financial will continue to monitor the dynamic development of China’s Internet financial industry in an effort to capture the potential investment opportunities thereof.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BE Financial Service (Beijing) Investment Holdings Limited

Date of initial investment: 2017
Type of deal: Private Equity
Equity ownership: 20%
Carrying value: HK\$50.39 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.

BEFS works along with its subsidiaries to provide comprehensive services of fund investment, financing and management for BEWG’s 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Short-Term Arbitrage and Others

As of 30 September 2019, OP Financial's holdings in listed securities that fall into this category amounted to HK\$132.11 million, while the holdings in debt and other instruments amounted to approximately HK\$1,966.29 million. During the Period, 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 provision for expected credit losses following the adoption of HKFRS 9, while some listed securities recorded market price change for the Period.

The Company invests in debt instruments with the consideration of return, risk and liquidity. For the Period, the interest rate we charged for the debt instruments, of which the borrowers were mainly investment companies, ranged from 6% to 20% as compared to 8% to 24% for the same period last year. The total interest income generated from debt instruments was HK\$102.26 million with loan tenures ranging from 3 months to 3 years, while the corresponding amount and range were HK\$107.78 million and 3 months to 1 year respectively for the same period last year.

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

FINANCIAL REVIEW

Financial position

Net asset value: The Group's net asset value as at 30 September 2019 was HK\$5,751.19 million or HK\$1.98 per share, increasing from HK\$5,630.46 million and HK\$1.94 per share respectively as at 31 March 2019.

Gearing: The gearing ratio, which was calculated on the basis of total liabilities over total equity as at 30 September 2019, was 0.10 (31 March 2019: 0.04).



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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, including Treasure Up and Wacai, and the share of the core holding company CSOP. Assets decreased by 14.8% to HK\$977.27 million as at 30 September 2019 (31 March 2019: HK\$1,147.29 million), which was mainly due to the valuation decrease of BITIC as a result of the impact by the unfavorable market environment during the Period. The decrease was partially offset by the increase in the carrying value of several associates including CSOP due to their robust performance.

Financial assets at fair value through profit or loss: The HK\$286.28 million or 12.7% of increase from HK\$2,258.19 million as at 31 March 2019 to HK\$2,544.47 million was mainly attributable to the increase in the fair value of iCarbonX, which was driven by a share award agreement granting OP Financial the rights to receive approximately 3% of iCarbonX's equity interests. The increase was partially offset by a number of divestments and the decrease in the valuation of some listed securities, equity investments/exchangeable bond and investment funds.

Debt investments: It represents the investments in debt instruments during the Period, which amounted to HK\$1,966.29 million as at 30 September 2019 (31 March 2019: HK\$2,025.48 million).

Bank and cash balances: As of 30 September 2019, our bank and cash balances stood at HK\$48.69 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 the Company's working capital requirements. Majority of the cash was utilized for several investments during the Period while at the same time we also partially disposed of or divested some investments and some debt instruments upon maturity.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

RESULTS

Despite the challenging economic environment and volatile stock markets, which exerted pressure on the valuation of our portfolio during the Period, we achieved very solid financial performance thanks to our prudent and diversified investment strategy as well as the rigorous risk management approach. The total comprehensive income recorded a gain of HK\$265.91 million as compared to a loss of HK\$35.34 million for the same period last year, primarily attributable to the contribution from the net change in unrealized gain on financial assets at fair value through profit or loss and the interest income from debt instruments.

Condensed consolidated statement of profit or loss and other comprehensive income

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

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Dividend income ⁽¹⁾	3,078	6,483
Interest income ⁽²⁾	103,056	128,747
	106,134	135,230

(1) Dividends received and receivable from listed securities during the Period.

(2) Interest income of HK\$103.06 million were mainly generated from the Group's debt instruments as well as term deposit in banks.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Net change in unrealized gain/(loss) on financial assets at fair value through profit or loss: The net change in unrealized gain of HK\$364.70 million (1H FY2018/19: loss of HK\$224.41 million) represents the net unrealized gain of HK\$407.89 million on unlisted investments, which was largely attributable to the award shares to be received from iCarbonX, partially offset by the unrealized loss of HK\$43.19 million on listed investments due to the volatile stock market during the Period.

Net change in unrealized gain on financial liabilities at fair value through profit or loss: The net change in unrealized gain of HK\$46.70 million (1H FY2018/19: gain of HK\$41.49 million) mainly represents the share of unrealized loss by our co-investment partners.

Realized (loss)/gain on disposal/distribution of investments: The realized loss of HK\$2.54 million (1H FY2018/19: gain of HK\$175.55 million) during the Period mainly represents the realized loss on the disposal of listed securities, which was 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\$61.50 million (1H FY2018/19: HK\$16.46 million) represents the provision for ECL on debt instruments for the Period following the adoption of HKFRS 9 by the Group.

Equity-settled share-based payments: The HK\$3.07 million (1H FY2018/19: HK\$6.72 million) represents the cost of share options amortized during the Period. 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.

Operating and administrative expenses: The total amount of HK\$67.29 million (1H FY2018/19: HK\$48.42 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 in operating and administrative expenses was primarily driven by the HK\$20.21 million of depreciation on Right-of-Use (ROU) asset upon the adoption of HKFRS 16 since 1 April 2019, while there was no such depreciation cost for the same period last year. The increase was partially offset by the decrease in rent & rates and legal & professional fee.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Share of results of investments accounted for using equity method: A net loss of approximately HK\$145.57 million (1H FY2018/19: loss of HK\$26.88 million) mainly represents our share of loss of Treasure Up during the Period, which was primarily due to the impact by the unfavorable market environment resulting the decrease in BITIC's valuation during the Period. The share of loss was partially offset by the shared gain of CSOP, Wacai 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 the "profit/(loss) for the Period", are recorded under "other comprehensive income". The net loss of HK\$152,000 (1H FY2018/19: loss of HK\$378,000) represents the exchange differences. Including the "profit/(loss) for the Period", the total comprehensive income for the Period was a gain of HK\$265.91 million.

DIVIDEND POLICY AND PROPOSED INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend in respect of the six months ended 30 September 2019 (1H FY2018/19: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

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

During the Period, the Group had cash and bank balances of HK\$48.69 million (31 March 2019: HK\$193.80 million). The Group had an aggregate of HK\$367.36 million of bank loans from our principal bankers and interest-free borrowings from one of the associates for a PRC potential investment as at 30 September 2019 (31 March 2019: HK\$71.56 million). The debt-to-equity ratio (interest-bearing external borrowings divided by shareholders' equity) was 5.2% (31 March 2019: zero) while the current ratio (current assets divided by current liabilities) was 3 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. The Board believes that the Group has sufficient financial resources to satisfy its immediate investments and working capital requirements.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**CAPITAL STRUCTURE**

As at 30 September 2019, shareholders' equity and the total number of shares in issue less treasury shares of the Company stood at HK\$5.75 billion (31 March 2019: HK\$5.63 billion) and 2,900,940,000 (31 March 2019: 2,900,940,000), respectively.

MATERIAL ACQUISITIONS AND DISPOSALS OF INVESTMENTS

The Company had the following material acquisitions as well as disposals of investments during the Period.

	New/ Additional Investment (HK\$ million)	Divestment/ Disposal (HK\$ million)
Medium-term private equity and venture capital	14.14 ⁽¹⁾	87.88 ⁽²⁾
Short-term arbitrage opportunities		
– Listed securities	0.11	7.89 ⁽³⁾
– Debt instruments	708.74	738.00
Prepaid consideration	494.46 ⁽⁴⁾	N/A
Total	1,217.45	833.77

(1) The HK\$14.14 million represents two investments in our unlisted partnership interest during the Period.

(2) The HK\$87.88 million mainly represents the dividend declared by Treasure Up, the divestment from a few investments and partial redemption of Greater China Select Fund during the Period.

(3) The HK\$7.89 million represents the divestment from two listed securities in our portfolio during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- (4) 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 Xi'an Dagang Road Machinery Co., Ltd. (stock code: 300103.SZ). The total consideration of RMB695.23 million, equivalent to HK\$763.92 million, is agreed to be paid in instalments based on certain contractual terms. Up to 30 September 2019, RMB450 million was prepaid according to plan.

SEGMENT INFORMATION

Segment information of the Group is set out in note 7 on pages 66 and 67 of this report.

EMPLOYEES

As of 30 September 2019, the Group had 49 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 Period amounted to HK\$30.18 million (1H FY2018/19: HK\$27.41 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 Period, the Board had not granted 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 (1H FY2018/19: 300,000). As at 30 September 2019, there were 72,700,000 (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 condensed consolidated interim financial information.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

As at 30 September 2019, 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 RMB625,206,000, equivalent to HK\$686,977,000 (31 March 2019: RMB284,589,000, equivalent to HK\$332,215,000).

As at 30 September 2019, 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 30 September 2019, the Group had given guarantee in respect of the settlement of RMB20 million (equivalent to HK\$21,976,000) (31 March 2019: HK\$23,347,000) of 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, 博石資產管理股份有限公司 agreed to extend the loan repayment from 上海幸福九號網絡科技有限公司 until 31 December 2019. In the opinion of the directors of the Company, the fair values of the financial guarantee contract of the Group are insignificant at initial recognition and the directors of the Company consider that the probability of being liable to settle the loan and the liable amount to be 50% of the loan principal, which is RMB10 million, given we have not 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 RMB10 million (equivalent to HK\$10,988,000) was recognized as at 30 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

As at 30 September 2019, 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.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

CORPORATE GOVERNANCE CODE

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

Code Provision A.6.7 provided that, the independent non-executive Directors and other non-executive Directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. During the Period, each of Mr. ZHANG Gaobo, Mr. ZHANG Weidong, Dr. FU Weigang and Mr. KWONG Che Keung Gordon attended the annual general meeting held on 27 August 2019 ("AGM"). However, due to other business commitment on urgent basis, Mr. ZHANG Zhi Ping, Dr. LIU Zhiwei, Dr. WU Zhong, Mr. CHEN Yuming, Prof. HE Jia and Mr. WANG Xiaojun did not attend the AGM.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

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

As at 30 September 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), to be notified to the Company and the Stock Exchange were as follows:

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

Long positions in shares and underlying shares of the Company:

Name of director	Capacity in which interests are held	Number of ordinary shares/underlying shares held in the Company			Total interests as to % to the issued share capital of the Company as at 30 September 2019 (note 1)
		Interests in shares	Interests under equity derivatives	Total interests	
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	-	396,898,000	13.68%
	Interest of controlled corporation (note 3)	62,592,000	-		
Mr. ZHANG Weidong (note 4)	Beneficial owner	-	7,000,000	7,000,000	0.24%
Dr. WU Zhong (note 5)	Beneficial owner	-	10,000,000	10,000,000	0.34%



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

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 30 September 2019.
- (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 ("OPFSG"). Ottness is a wholly owned subsidiary of Oriental Patron Financial Group Limited ("OPFGL"), while 95% of the issued share capital of OPFSG is owned by OPFGL. The 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 OPFSG.
- (3) This represented 49,856,000 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 Mr. ZHANG Weidong pursuant to the share option scheme of the Company adopted on 17 May 2016.
- (5) 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 30 September 2019, none of the Directors or chief executive had any interest and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

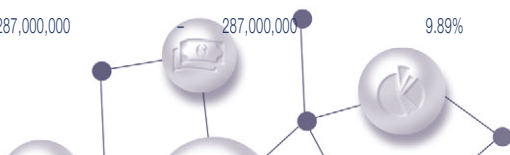
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 September 2019, the Company had been notified of the following substantial shareholders' interests or short positions, being 5% or more of the Company's shares and underlying shares. These interests are in addition to those disclosed above in respect of the Directors and chief executive.

Long positions in shares and underlying shares of the Company:

Name of shareholder	Capacity in which interests are held	Number of ordinary shares/underlying shares held in the Company			Total interests	Total interests as to % to the issued share capital of the Company as at 30 September 2019 (note 1)
		Interests in shares	Interests under equity derivatives			
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%	
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%	
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%	



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

Name of shareholder	Capacity in which interests are held	Number of ordinary shares/underlying shares held in the Company			Total interests as to % to the issued share capital of the Company as at 30 September 2019 (note 1)
		Interests in shares	Interests under equity derivatives	Total interests	
FTLife Insurance Company Limited (note 7)	Beneficial owner	290,000,000	-	290,000,000	10.00%
Mr. WU Gang (note 7)	Interest in controlled corporation	290,000,000	-	290,000,000	10.00%
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%

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 30 September 2019.
- (2) This represented an aggregate of 330,000,000 shares held by Ottness and 29,800,000 shares held by OPFSG. Ottness is a wholly owned subsidiary of OPFGL, while 95% of the issued share capital of OPFSG 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 OPFSG.
- (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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

- (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 Bright Victory International Limited ("BVIL"), while BVIL is a wholly-owned subsidiary of FTL Asia Holdings Limited ("FTL Asia"). Tongchuangjiuding Investment Management Group Co., Ltd ("TIMGCL") owns 100% of the issued share capital of FTL Asia, while the issued share capital of TIMGCL is owned as to 46.19% by Tongchuang Jiuding Investment Holding Co., Ltd ("TJIHCL"). Mr. WU Gang ("Mr. WU") owns 35% of the issued share capital in TJIHCL. By virtue of the SFO, Mr. WU 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 30 September 2019, 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.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

At no time during the Period was the Company or its associated corporation(s) a party to any arrangements to enable the Directors or chief executive of the Company to acquire any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporation(s).

AUDIT COMMITTEE

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

REVIEW OF INTERIM FINANCIAL INFORMATION

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

APPRECIATION

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

By order of the Board

OP Financial Limited

ZHANG Gaobo

Executive Director and Chairman

Hong Kong SAR, 29 November 2019

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of OP Financial Limited

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 37 to 102, which comprises the interim condensed consolidated statement of financial position of OP Financial Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 September 2019 and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION (CONTINUED)

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 29 November 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

		Six months ended 30 September	
	Note	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Turnover	6	174,182	1,292,204
Revenue	6	106,134	135,230
Net change in unrealized gain/(loss) on financial assets at fair value through profit or loss	15		
– arising from listed investments		(43,192)	(142,377)
– arising from unlisted investments		407,888	(82,030)
		364,696	(224,407)
Net realized (loss)/gain on disposal/distribution of investments			
– arising from listed investments		(7,198)	114,622
– arising from unlisted investments		4,660	60,928
		(2,538)	175,550
Net change in unrealized gain on financial liabilities at fair value through profit or loss		46,701	41,491
Realized loss on financial liabilities at fair value through profit or loss		(321)	–
Realized gain on disposal of a subsidiary		2	–
Realized gain on deemed disposal of an associate	14(a)	1,859	–
Exchange difference		(6,784)	(54,475)
Provision for expected credit losses		(61,503)	(16,461)
Equity-settled share-based payments	23	(3,069)	(6,715)
Operating and administrative expenses		(67,294)	(48,417)
Profit from operations		377,883	1,796
Finance costs	8	(7,017)	(8,899)
Share of results of investments accounted for using equity method		(145,568)	(26,875)
Profit/(loss) before tax		225,298	(33,978)
Taxation	9	40,766	(979)

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

For the six months ended 30 September 2019

		Six months ended 30 September	
	Note	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Profit/(loss) for the Period	10	266,064	(34,957)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Share of other comprehensive income of investments accounted for using equity method:			
Investment revaluation reserve		–	(13)
Exchange differences		(152)	(365)
Other comprehensive income for the Period		(152)	(378)
Total comprehensive income for the Period		265,912	(35,335)
Earnings/(loss) per share			
Basic	12(a)	9.17 cents	(1.19) cents
Diluted	12(b)	9.14 cents	(1.19) cents

The notes on pages 45 to 102 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Note	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Non-current assets			
Fixed assets	13	19,302	4,118
Right-of-use assets	13	99,596	–
Deferred tax assets		48,991	8,234
Investments accounted for using equity method	14	977,273	1,147,289
Financial assets at fair value through profit or loss	15	2,056,063	1,604,321
Debt investments	16	1,690,558	1,423,674
		4,891,783	4,187,636
Current assets			
Financial assets at fair value through profit or loss	15	488,405	653,869
Debt investments	16	275,727	601,805
Accounts and loans receivable	17	87,121	172,402
Prepaid tax		–	12,837
Interest receivables		37,763	29,640
Prepaid consideration	18	479,626	–
Prepayments and other receivables		19,870	23,763
Bank and cash balances		48,685	193,800
		1,437,197	1,688,116
TOTAL ASSETS		6,328,980	5,875,752
Capital and reserves			
Share capital	22	290,094	290,094
Reserves		5,461,091	5,340,369
TOTAL EQUITY		5,751,185	5,630,463



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2019

	Note	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Current liabilities			
Accounts payable		–	11,000
Other payables		15,097	20,491
Lease liabilities	19	34,555	–
Loan payable	20	367,357	71,558
Financial liabilities at fair value through profit or loss	21	27,074	37,295
Tax payable		40,334	40,249
		484,417	180,593
Non-current liabilities			
Lease liabilities	19	65,204	–
Financial liabilities at fair value through profit or loss	21	28,174	64,696
		93,378	64,696
TOTAL LIABILITIES		577,795	245,289
TOTAL EQUITY AND LIABILITIES		6,328,980	5,875,752
NET ASSETS		5,751,185	5,630,463
Net asset value per share	24	HK\$1.98	HK\$1.94

The notes on pages 45 to 102 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

		Unaudited							
		Share capital			Reserves				
		Issued capital	Treasury shares	Share premium	Share-based payment reserve	Surplus reserve	Exchange reserve	Retained profits	Total
Note		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	At 1 April 2019	291,663	(1,569)	4,674,804	43,931	174	2,206	619,254	5,630,463
	Vesting of share options	23	-	-	3,069	-	-	-	3,069
	Cancellation of shares	22	(1,569)	1,569	-	-	-	-	-
	Dividend paid	11	-	-	-	-	-	(133,443)	(133,443)
	Exchange difference arising from translation of foreign operations		-	-	-	-	(14,816)	-	(14,816)
	Total comprehensive income for the Period		-	-	-	-	(152)	266,064	265,912
	At 30 September 2019	290,094	-	4,674,804	47,000	174	(12,762)	751,875	5,751,185



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 September 2019

	Note	Unaudited							Total HK\$'000
		Reserves							
		Share capital HK\$'000	Share premium HK\$'000	Share- based payment reserve HK\$'000	Investment revaluation reserve HK\$'000	Surplus reserve HK\$'000	Exchange reserve HK\$'000	Retained profits 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	23	-	-	6,715	-	-	-	-	6,715
Exercise of share options	23	30	658	(193)	-	-	-	-	495
Dividend paid		-	-	-	-	-	-	(117,508)	(117,508)
Exchange difference arising from translation of foreign operations		-	-	-	-	-	2,884	-	2,884
Share of reserve movements of associate		-	-	-	(173)	-	-	173	-
Total comprehensive income for the period		-	-	-	(13)	-	(365)	(34,957)	(35,335)
At 30 September 2018		293,770	4,749,228	38,446	-	9	2,427	327,780	5,411,660

The notes on pages 45 to 102 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash used in operating activities	(52,835)	(227,534)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(14,245)	(1,965,338)
Prepaid consideration for listed equity investment	(494,460)	–
Subscription of debt investments	(708,740)	(1,134,000)
Increase in investments accounted for using equity method	–	(18,398)
Proceeds on distribution from/settlement of financial assets at fair value through profit or loss	66,670	1,027,060
Proceeds on settlement of debt investments	728,500	721,143
Net redemption of unlisted investment fund	15,000	100,030
Dividends received	81,318	24,973
Interests received	94,441	85,047
Purchase of fixed assets	(9,003)	(818)
Proceeds from disposal of fixed assets	–	38
Net cash used in investing activities	(240,519)	(1,160,263)



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank loans	300,000	702,000
Repayment of bank loans and margin financing	–	(458,836)
Drawdown of other loans	–	100,000
Repayment of other loans	–	(100,000)
Dividend paid	(133,443)	(117,508)
Lease liabilities paid	(13,386)	–
Interest on lease liabilities paid	(2,054)	–
Loan interests paid	(2,878)	(8,899)
Receipt from exercise of share options granted	–	495
Net cash generated from financing activities	148,239	117,252
NET DECREASE IN CASH AND CASH EQUIVALENTS	(145,115)	(1,270,545)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	193,800	1,771,671
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	48,685	501,126
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	48,685	501,126

The notes on pages 45 to 102 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2019

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

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

The financial information relating to the year ended 31 March 2019 that is included in the condensed consolidated interim financial information for the six months ended 30 September 2019 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

2 Basis of preparation of the condensed consolidated interim financial information

The unaudited condensed consolidated interim financial information for the six months ended 30 September 2019 (the “Period”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 March 2019, except as stated in note 3 below.

3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2019, as described in those annual financial statements, except:

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

3 Accounting policies (Continued)

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on 1 April 2019 for the preparation of the Group's condensed consolidated interim financial information:

HKFRS 16	Leases
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle
HK(IFRIC)-Int 23	Uncertainty over income tax treatments

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

3.1 Impacts and changes in accounting policies on application of 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.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

3 Accounting policies (Continued)

3.1 Impacts and changes in accounting policies on application of HKFRS 16 “Leases” (Continued)

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. 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

3 Accounting policies (Continued)

3.1 Impacts and changes in accounting policies on application of HKFRS 16 “Leases” (Continued)

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 condensed consolidated statement of financial position on 1 April 2019.

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%.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

3 Accounting policies (Continued)

3.1 Impacts and changes in accounting policies on application of HKFRS 16 “Leases” (Continued)

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)
	113,380
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 condensed 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

3 Accounting policies (Continued)

3.1 Impacts and changes in accounting policies on application of HKFRS 16 “Leases” (Continued)

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

	30 September 2019 (Unaudited) HK\$'000	1 April 2019 (Unaudited) HK\$'000
Leased office premises	99,596	119,810

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

Condensed consolidated statement of financial position (extract)	31 March 2019 (As originally presented) HK\$'000	Effect of the adoption of HKFRS16 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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

3 Accounting policies (Continued)

3.1 Impacts and changes in accounting policies on application of HKFRS 16 “Leases” (Continued)

3.1.1 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

3 Accounting policies (Continued)

3.2 New and amended standards and interpretations not yet adopted

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 April 2019 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture	To be determined
Amendments to HKFRS 3	Definition of a Business	1 January 2020

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

4 Critical accounting estimates and judgement

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

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

(a) Tax

Significant estimates are required in determining the provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group 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 detail, please refer to note 9 to the condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

4 Critical accounting estimates and judgement (Continued)

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

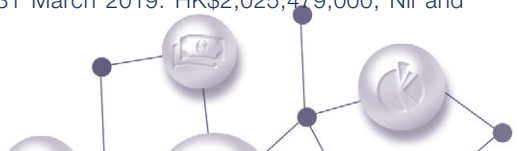
The Group selects appropriate valuation techniques for financial instruments not quoted in an active market. The fair values of unlisted investments are determined in accordance with generally accepted pricing models such as Discounted Cash Flow Method and market comparable companies method. The values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

(c) Fair value estimation of share options

The Group determines the fair value of its share options by using the Binomial Option valuation model which requires input of subjective assumptions as disclosed in note 23. Any change in the subjective input assumptions may materially affect the fair value of an option.

(d) Impairment assessment on debt investments, prepaid consideration and accounts receivable

The Group performs ongoing credit evaluation of debt investments, prepaid consideration and accounts receivable, and their current creditworthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its investees and debtors and the fair value of respective collaterals obtained by the Group, if any. If the financial conditions of the investees and debtors of the Group deteriorate, resulting in an impairment of their ability to make payments, an allowance may be considered. As at 30 September 2019, the carrying amount of debt investments, prepaid consideration and accounts receivable are approximately HK\$1,966,285,000, HK\$479,626,000 and HK\$39,182,000, respectively (31 March 2019: HK\$2,025,479,000, Nil and HK\$59,778,000, respectively).



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

4 Critical accounting estimates and judgement (Continued)

(e) Assessment of investment entities

In preparing the condensed consolidated interim 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 and joint ventures 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.

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

As indicated in note 14 to the condensed consolidated interim financial information, the Group determines the value of the underlying investments of an associate and a joint venture using market comparison approach and discounted cash flow respectively. The values assigned to these investments 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

5 Financial instruments

(a) Financial risk management

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

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 March 2019.

There has been no change in the risk management policies since year ended 31 March 2019.

(b) Fair value estimation

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

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

Other unlisted equity investments/exchangeable bond, 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.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

5 Financial instruments (Continued)

(b) Fair value estimation (Continued)

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

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

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

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

Disclosures of level in fair value hierarchy as at 30 September 2019 (unaudited)

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	134,025	-	-	134,025
Unlisted equity investments/ exchangeable bond	-	-	2,358,060	2,358,060
Unlisted investment funds/limited partnership	-	22,981	29,402	52,383
Total	134,025	22,981	2,387,462	2,544,468
Financial liabilities at fair value through profit or loss	-	-	(55,248)	(55,248)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

5 Financial instruments (Continued)

(b) Fair value estimation (Continued)

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

Description	Period ended 30 September 2019 (unaudited)					
	Financial assets at fair value through profit or loss					
	Unlisted equity investments/exchangeable bond	Unlisted investment funds/partnership	Unlisted debt investments	Total assets	Financial liabilities at fair value through profit or loss	Total liabilities
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At beginning of the Period	1,965,156	47,814	13,742	2,026,712	(101,991)	(101,991)
Total gains or losses recognized - in profit or loss ^(a)	429,064	(21,552)	7,349	414,861	35,755	35,755
Purchases/Additions	-	3,140	-	3,140	10,988	10,988
Disposals/Distributions	(36,160)	-	(11,591)	(47,751)	-	-
Reclassification	-	-	(9,500)	(9,500)	-	-
At end of the Period	2,358,060	29,402	-	2,387,462	(55,248)	(55,248)
^(a) Total gains or losses included in profit or loss that is attributable to the change in unrealized gains or loss relating to those assets and liabilities held at the end of the report period	429,316	(21,552)	-	407,764	35,755	35,755



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

5 Financial instruments (Continued)

(b) Fair value estimation (Continued)

Disclosures of level in fair value hierarchy at 31 March 2019 (Audited)

Fair value measurement using:

Description	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss				
Listed equity securities	189,607	–	–	189,607
Unlisted equity investments/ exchangeable bond	–	–	1,965,156	1,965,156
Unlisted investment funds/ limited partnership	–	41,871	47,814	89,685
Unlisted debt investments	–	–	13,742	13,742
Total	189,607	41,871	2,026,712	2,258,190
Financial liabilities at fair value through profit or loss	–	–	(101,991)	(101,991)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

5 Financial instruments (Continued)

(b) Fair value estimation (Continued)

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

Description	Year ended 31 March 2019 (Audited)							
	Financial assets at fair value through profit or loss			Available-for-sale financial assets		Total assets	Financial liabilities at fair value through profit or loss	Total liabilities
	Unlisted equity exchangeable bond	Unlisted investment funds/ limited partnership	Unlisted debt investments	Unlisted equity investments	HK\$'000			
At 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 ^(#)	(127,382)	24,763	(5,758)	–	(108,377)	(12,986)	(12,986)	
Purchases/Additions	1,357,850	15,690	–	–	1,373,540	(30,307)	(30,307)	
Disposals/Distributions	(439,290)	(2,919)	–	–	(442,209)	29,584	29,584	
Reclassification	338,679	–	–	(338,679)	–	–	–	
At end of the year	1,965,156	47,814	13,742	–	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 loss relating to those assets and liabilities held at the end of the report period	(158,938)	24,387	(5,758)	–	(140,309)	(58,465)	(58,465)
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For financial assets at fair value through profit or loss, the total gains or losses recognized, including those for assets held at the end of reporting period, are presented in profit or loss in “net change in unrealized gain/loss on financial assets at fair value through profit or loss”.

Financial liabilities at fair value through profit or loss are presented in the profit or loss in “net change in unrealized gain on financial liabilities at fair value through profit or loss”.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

5 Financial instruments (Continued)

(b) Fair value estimation (Continued)

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

(Unaudited)

Description	Fair value at 30 September 2019 (Unaudited) HK\$'000	Fair value at 31 March 2019 (Audited) HK\$'000	Fair value hierarchy	Valuation techniques	Unobservable Inputs	30 September 2019 Range	31 March 2019 Range	Relationship of unobservable inputs to fair value
<i>Financial assets at fair value through profit or loss</i>								
Unlisted partnership interests	29,402	47,814	Level 3	Share of net assets	N/A	N/A	N/A	N/A
Unlisted equity investments	1,655,743	1,196,749	Level 3	Latest transaction price	N/A	N/A	N/A	N/A
Unlisted equity investments	24,149	27,703	Level 3	Market comparable companies	Earnings multiples	1.5x-5.1x	1.6x-5.5x	The higher the multiples, the higher the fair value
					Discount rate for lack of marketability	40%	40%	The higher the discount rate, the lower the fair value

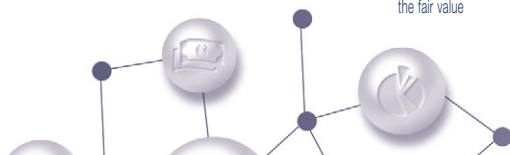
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

5 Financial instruments (Continued)

(b) Fair value estimation (Continued)

Description	Fair value at 30 September 2019 (Unaudited) HK\$'000	Fair value at 31 March 2019 (Audited) HK\$'000	Fair value hierarchy	Valuation techniques	Unobservable Inputs	30 September 2019 Range	31 March 2019 Range	Relationship of unobservable inputs to fair value
Unlisted equity investments	8,753	43,794	Level 3	Market comparable companies	Earnings multiples	6.8x-18.2x	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	25,287	11,000	Level 3	Market comparable companies (31 March 2019: latest transaction price)	Earnings multiples (31 March 2019: N/A)	10.6x-47.5x	N/A	The higher the multiples, the higher the fair value (31 March 2019: N/A)
					Discount rate for lack of marketability and control (31 March 2019: N/A)	46.2%	N/A	The higher the discount rate, the lower the fair value (31 March 2019: N/A)
Unlisted equity investment	183,956	236,786	Level 3	Share of net assets	N/A	N/A	N/A	N/A
Unlisted non-voting preference shares	126,360	123,454	Level 3	Share of net assets	N/A	N/A	N/A	N/A
Unlisted non-voting preference shares	101,609	57,909	Level 3	Discounted cash flow	Discount rate	11.67%	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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

5 Financial instruments (Continued)

(b) Fair value estimation (Continued)

Description	Fair value at 30 September 2019 (Unaudited) HK\$'000	Fair value at 31 March 2019 (Audited) HK\$'000	Fair value hierarchy	Valuation techniques	Unobservable Inputs	30 September 2019 Range	31 March 2019 Range	Relationship of unobservable inputs to fair value
Unlisted preference shares	156,705	156,885	Level 3	Latest transaction price	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 exchangeable bond	75,498	110,876	Level 3	Market comparable companies	Earnings multiples	9.8x-25.0x	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
	<u>2,387,462</u>	<u>2,026,712</u>						

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

6 Turnover and revenue

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

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Dividend income	3,078	6,483
Interest income	103,056	128,747
Revenue	106,134	135,230
Gross sales proceeds from disposal of equity investments	68,048	1,156,974
Turnover	174,182	1,292,204



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

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

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Revenue		
Hong Kong	61,762	95,445
Mainland China	4,358	1,039
United States of America	40,014	38,746
	106,134	135,230

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

7 Segment information (Continued)

Geographical information (Continued)

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

	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Non-current assets other than financial instruments		
Hong Kong	291,927	118,095
Mainland China	853,235	1,041,546

Information about major investments

During the Period, interest income received from four of the Group's debt investments, which individually accounted for 10% (2018: 10%) or more of the Group's revenue amounted to approximately HK\$22,047,000, HK\$14,846,000, HK\$12,519,000 and HK\$11,395,000 respectively (2018: interest income received from three of the Group's debt investments and an investment relating to one of the Group's listed equity securities amounted to approximately HK\$26,667,000, HK\$18,630,000, HK\$14,841,000 and HK\$18,277,000 respectively).



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

8 Finance costs

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Interest on bank loans and other borrowings	4,963	8,899
Interest on lease liabilities	2,054	–
	7,017	8,899

9 Taxation

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Hong Kong Profits Tax:		
Current tax	85	23,452
Deferred tax	(40,851)	(22,473)
Total tax (credit)/expense	(40,766)	979

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

9 Taxation (Continued)

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 Period/year at the rates of taxation prevailing in that overseas country.

Deferred 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 condensed consolidated financial statements.

As at 30 September 2019, the Group has deferred tax assets of HK\$10,019,000 (31 March 2019: HK\$3,159,000) arising from unused tax losses of approximately HK\$60,724,000 (31 March 2019: HK\$19,146,000) available to offset against future profits.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

10 Profit/loss for the Period

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

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Auditor's remuneration	1,477	1,455
Depreciation of fixed assets	2,458	223
Depreciation of right-of-use assets	20,214	–
Investment management fee (Note 26(a))	6,900	6,900
Operating lease payments in respect of office premises	633	5,409
Staff costs (including directors' emoluments)		
Salaries and other benefits	26,777	20,383
Retirement benefits scheme contributions	335	312
Equity-settled share based compensation	3,069	6,715
	30,181	27,410

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

11 Dividend

The Board has resolved not to pay any interim dividend in respect of the Period (2018: Nil).

The Board recommended the payment of a final dividend of HK\$0.046 per 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. It was approved at the Annual General Meeting held on 27 August 2019 and total final dividends of HK\$133,443,240 was paid on 4 September 2019.

12 Earnings/loss per share

(a) Basic earnings/loss per share

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

	Six months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
Profit/(loss) for the Period (HK\$'000)	266,064	(34,957)
Weighted average number of ordinary shares in issue less treasury shares (in thousand)	2,900,940	2,937,634
Basic earnings/(loss) per share (HK\$)	9.17 cents	(1.19) cents



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

12 Earnings/loss per share (Continued)

(b) Diluted earnings/loss per share

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

	Six months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
Profit/(loss) for the Period (HK\$'000)	266,064	(34,957)
Weighted average number of ordinary shares in issue less treasury shares (in thousand)	2,900,940	2,937,634
Adjustment for shares options (in thousand)	9,793	–
Weighted average number of ordinary shares for diluted earnings/(loss) per share (in thousand)	2,910,733	2,937,634
Diluted earnings/(loss) per share (HK\$)	9.14 cents	(1.19) cents

Diluted loss per share for the period ended 30 September 2018 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

13 Fixed assets

	Motor vehicles 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	41	-	-	-	818	-
Disposals	(200)	-	-	-	-	(200)	-
At 30 September 2018	777	687	11	154	-	1,629	-
Accumulated depreciation							
At 1 April 2018	127	174	11	105	-	417	-
Charge for the period	113	100	-	10	-	223	-
Disposals	(133)	-	-	-	-	(133)	-
At 30 September 2018	107	274	11	115	-	507	-
Carrying amount							
At 30 September 2018	670	413	-	39	-	1,122	-
Cost							
At 1 April 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	-	765	94	1,625	15,158	17,642	-
At 30 September 2019	777	1,778	210	2,203	17,904	22,872	119,810
Accumulated depreciation							
At 1 April 2019	237	369	17	156	333	1,112	-
Charge for the Period	130	166	22	197	1,943	2,458	20,214
At 30 September 2019	367	535	39	353	2,276	3,570	20,214
Carrying amount							
At 30 September 2019	410	1,243	171	1,850	15,628	19,302	99,596



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

14 Investments accounted for using equity method

	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Associates	819,104	990,756
Joint ventures	158,169	156,533
	977,273	1,147,289

Details of the investments as at 30 September 2019 and 31 March 2019 are as follows:

Name of entity	Percentage of ownership interest	Carrying amount at	
		30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Associates			
CSOP Asset Management Limited ("CSOP") (Note a)	22.5% (31.3.2019: 30%)	116,968	98,690
Guotai Junan Fund Management Limited	29.9% (31.3.2019: 29.9%)	7,028	6,940
OPIM Holdings Limited	30% (31.3.2019: 30%)	42	113
Treasure Up Ventures Limited ("TUVL") (Note b)	25% (31.3.2019: 25%)	506,880	688,737
South South Green Energy Limited	30% (31.3.2019: 30%)	-	-

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

14 Investments accounted for using equity method (Continued)

Name of entity	Percentage of ownership interest	Carrying amount at	
		30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Associates			
BE Financial Service (Beijing) Investment Holdings Limited ("BEFS")	20% (31.3.2019: 20%)	50,393	51,288
東英騰華融資租賃(深圳)有限公司("東英騰華")	30% (31.3.2019: 30%)	70,127	73,137
上海赫奇企業管理諮詢有限公司("上海赫奇")	23.52% (31.3.2019: 23.52%)	67,167	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")	30% (31.3.2019: 30%)	499	554
Joint ventures			
OP EBS Fintech Investment L.P. ("OP EBS Fintech") (Note c)	40% (31.3.2019: 40%)	158,169	156,533
Shen Jiang L.P.	50% (31.3.2019: 50%)	-	-
Magopt Investment L.P.	50% (31.3.2019: 50%)	-	-
		977,273	1,147,289



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

14 Investments accounted for using equity method (Continued)

- (a) 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.
- (b) The fair value as at 30 September 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.
- (c) The fair value of the Group's interest as at 30 September 2019 as determined with reference to the basis of valuation carried out by an external independent valuer by using discounted cash flow projections under income approach. Determination of fair value is based on the best information available in the circumstances and includes appropriate risk adjustments for lack of marketability and lack of control.

For the description of the business and financial information of the investments, please refer to the Company's 2018/19 annual report.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

15 Financial assets at fair value through profit or loss

	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Listed equity securities	134,025	189,607
Unlisted equity investments/exchangeable bond	2,358,060	1,965,156
Unlisted investment funds/limited partnership	52,383	89,685
Unlisted debt investments	–	13,742
	2,544,468	2,258,190
Analysed as:		
Current assets	488,405	653,869
Non-current assets	2,056,063	1,604,321
	2,544,468	2,258,190

During the Period, net change in unrealized gain of approximately HK\$364,696,000 (2018: loss of HK\$224,407,000) arising from changes in fair value of financial assets at fair value through profit or loss was recognized in the condensed consolidated statement of profit or loss and other comprehensive income.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

16 Debt investments

	Carrying amount at	
	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Unlisted debt investments	2,069,023	2,088,840
Provision for expected credit losses ("ECL")	(102,738)	(63,361)
Total unlisted debt investments, net	1,966,285	2,025,479
Analysed as:		
Current assets	275,727	601,805
Non-current assets	1,690,558	1,423,674
	1,966,285	2,025,479

The investments carried fixed interest rate and they are expected to be settled on maturity date.

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

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

	Carrying amount at	
	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Opening balance	63,361	40,449
Charged during the Period/year	39,377	22,912
Closing balance	102,738	63,361

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

17 Accounts and loans receivable

	Note	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Unsecured loan to a potential investee	(a)	19,009	20,195
Consideration receivables	(b)	39,182	59,778
Accounts receivable	(c)	105	136
Amounts due from associates, joint ventures, and related companies	(d)	27,570	26,893
Dividend receivable	(e)	1,255	65,400
		87,121	172,402
Represented by:			
Accounts and loans receivable, gross		140,955	222,248
Provision for ECL		(53,834)	(49,846)
		87,121	172,402

(a)	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Unsecured loan	19,009	20,195

Unsecured loan of RMB60,000,000, approximately HK\$65,928,000 (31 March 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 RMB42,700,000, approximately HK\$46,919,000 (31 March 2019: HK\$49,846,000) is recognized against unsecured loan at the reporting date based on estimated recoverable amount determined by reference to an analysis of the counterparty's current financial position.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

17 Accounts and loans receivable (Continued)

- (b) As at 30 September 2019, consideration receivables included balances of HK\$46,097,000 (31 March 2019: HK\$59,778,000) in respect of the disposal of equity investments. Provision for ECL of approximately HK\$6,915,000 (31 March 2019: Nil) is recognized in profit or loss.
- (c) The aging analysis of accounts receivable is as follows:

	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Unbilled	105	136

As at 30 September 2019 and 31 March 2019, the accounts receivable were neither past due nor impaired.

- (d) Amounts due from associates, joint ventures and related companies are interest-free, unsecured and repayable on demand.
- (e) Dividend receivable represents dividend declared by one of our listed securities (31 March 2019: CSOP).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

18 Prepaid consideration

	Carrying amount at	
	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Prepaid consideration	494,460	–
Provision for ECL	(14,834)	–
	479,626	–

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 Xi'an Dagang Road Machinery 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. Up to 30 September 2019, RMB450,000,000 was prepaid according to plan.

Provision for ECL of RMB13,500,000, approximately HK\$15,211,000 by average exchange rate, is recognized in profit or loss.

19 Lease liabilities

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

	30 September 2019 (Unaudited) HK\$'000	1 April 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Lease liabilities			
– Current	34,555	33,038	–
– Non-current	65,204	80,342	–
	99,759	113,380	–



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

19 Lease liabilities (Continued)

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

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of right-of-use assets	20,214	–
Interest expenses (included in finance costs)	2,054	–
	<hr/>	<hr/>

20 Loan payable

	30 September 2019	31 March 2019
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Bank borrowings (note a)	300,000	–
Other borrowing (note b)	67,357	71,558
	<hr/>	<hr/>
	367,357	71,558
	<hr/>	<hr/>

Notes:

- (a) Bank borrowings represent bank loans borrowed from our principal bankers.
The average effective interest rate of bank loans was 4.71% (31 March 2019: 6.59%).
- (b) Other borrowing represents RMB61,300,000, equivalent to approximately HK\$67,357,000, (2018: HK\$71,558,000) loan due to 上海赫奇 for a potential investment opportunity in the PRC. The borrowings are unsecured, non-interest bearing and repayable on demand.
- (c) The carrying amounts of the Group's and the Company's loan payable approximate to their fair values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

21 Financial liabilities at fair value through profit or loss

	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Current liabilities		
Provision for loan guarantee (Note a)	10,988	–
Payable to investment partners (Note b)	15,686	36,920
Staff participation interest payable	400	375
	27,074	37,295
Non-current liabilities		
Accrued consultancy fee (Note c)	18,779	55,859
Staff participation interest payable	9,395	8,837
	28,174	64,696

- (a) As at 30 September 2019, the Group had recognized a 50% of loan value, or RMB10 million (equivalent to HK\$10,988,000) (31 March 2019: Nil) in respect of loan guarantee given to 上海幸福九號網絡科技有限公司 for its settlement of RMB20 million loan (equivalent to HK\$21,976,000) (31 March 2019: HK\$23,347,000) provided by 博石資產管理股份有限公司. For details please refer to note 28.
- (b) Pursuant to the financial participation arrangement signed in May 2018 with investment partners, the Group received US\$1,950,000 (equivalent to approximately HK\$15,267,000) from those investment partners 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.

As at 30 September 2019, the investment partners' interests in the equity investment were reduced to HK\$15,686,000 by sharing the unrealized loss of co-investment (31 March 2019: HK\$36,920,000). An unrealized gain of approximately HK\$21,234,000 (2018: loss of HK\$32,000) was recognized in profit or loss.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

21 Financial liabilities at fair value through profit or loss **(Continued)**

- (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.

22 Share capital

	Number of shares			
	30 September 2019 Thousand shares	31 March 2019 Thousand shares	30 September 2019 HK\$'000	31 March 2019 HK\$'000
<i>Authorized</i>				
Ordinary shares of HK\$0.10 each	4,000,000	4,000,000	400,000	400,000
At beginning of the Period/ year, 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 end of the Period/year, 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 end of the Period/year, outstanding and fully paid	2,900,940	2,900,940	290,094	290,094

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

22 Share capital (Continued)

- (a) During the year ended 31 March 2019, 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.
- (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 during the current period.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

23 Share option scheme

Under the Share Option Scheme adopted on 19 March 2003, refreshed on 21 January 2008 and 17 May 2016, the Board may at any time following the date of adoption and before the tenth anniversary thereof, offer to grant to certain selected classes participants (including, among others, 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 of grant of the option. An option may be exercised in accordance with the terms of the share option scheme at any time not later than 10 years from the date on which the offer for grant of the option is made. Subject to the terms of the share options determined by the Board, the participant may have to meet certain vesting conditions before becoming unconditionally entitled to the share options. For the share options that existed during the periods ended 30 September 2019 and 2018, vesting conditions includes performance conditions such as complete or successful exit of specified investment projects and market conditions such as the Company's market capitalization. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

23 Share option scheme (Continued)

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

Grantee	Date of grant	Outstanding at the beginning of the Period	Granted/ (exercised) during the Period	Outstanding at the end of the Period	Exercisable at the end of the Period	Exercise price HK\$	Exercise period
Director	20.5.2016	1,750,000	-	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	1,750,000	1.65	20.5.2018 to 19.5.2021
Director	20.5.2016	1,750,000	-	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	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	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	4,500,000	1.65	20.5.2019 to 19.5.2021
Directors of group companies	20.5.2016	4,500,000	-	4,500,000	-	1.65	20.5.2020 to 19.5.2021
Employees	20.5.2016	4,700,000	-	4,700,000	4,700,000	1.65	20.5.2017 to 19.5.2021



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

23 Share option scheme (Continued)

Grantee	Date of grant	Outstanding at the beginning of the Period	Granted/ (exercised) during the Period	Outstanding at the end of the Period	Exercisable at the end of the Period	Exercise price HK\$	Exercise period
Employees	20.5.2016	5,000,000	-	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	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	1,500,000	1.65	20.5.2017 to 19.5.2021
Consultants	20.5.2016	1,500,000	-	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	1,500,000	1.65	20.5.2019 to 19.5.2021
Consultants	20.5.2016	1,500,000	-	1,500,000	-	1.65	20.5.2020 to 19.5.2021
Director	1.2.2018	2,500,000	-	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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

23 Share option scheme (Continued)

Grantee	Date of grant	Outstanding at the beginning of the Period	Granted/ (exercised) during the Period	Outstanding at the end of the Period	Exercisable at the end of the Period	Exercise price HK\$	Exercise period
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	2,500,000	-	2,500,000	2,500,000	2.60	1.2.2019 to 31.1.2023
Employees	1.2.2018	2,500,000	-	2,500,000	-	2.60	1.2.2020 to 31.1.2023
Employees	1.2.2018	2,500,000	-	2,500,000	-	2.60	1.2.2021 to 31.1.2023
Employees	1.2.2018	2,500,000	-	2,500,000	-	2.60	1.2.2022 to 31.1.2023
Former employee	1.2.2018	500,000	-	500,000	500,000	2.60	1.2.2019 to 31.1.2023
Former employee	1.2.2018	500,000	-	500,000	-	2.60	1.2.2020 to 31.1.2023
Former employee	1.2.2018	500,000	-	500,000	-	2.60	1.2.2021 to 31.1.2023
Former employee	1.2.2018	500,000	-	500,000	-	2.60	1.2.2022 to 31.1.2023
		72,700,000	-	72,700,000	43,450,000		



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

23 Share option scheme (Continued)

Movement of the Company's share options during the six months ended 30 September 2018:

Grantee	Date of grant	Outstanding at the beginning of the period	Granted/ (exercised) during the period	Outstanding at the end of the period	Exercisable at the end of the period	Exercise price HK\$	Exercise period
Director	20.5.2016	1,750,000	–	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	1,750,000	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	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	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 CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

23 Share option scheme (Continued)

Grantee	Date of grant	Outstanding at the beginning of the period	Granted/ (exercised) during the period	Outstanding at the end of the period	Exercisable at the end of the period	Exercise price HK\$	Exercise period
Employees	20.5.2016	5,000,000	(300,000)	4,700,000	4,700,000	1.65	20.5.2017 to 19.5.2021
Employees	20.5.2016	5,000,000	-	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	1,500,000	1.65	20.5.2017 to 19.5.2021
Consultants	20.5.2016	1,500,000	-	1,500,000	1,500,000	1.65	20.5.2018 to 19.5.2021
Consultants	20.5.2016	1,500,000	-	1,500,000	-	1.65	20.5.2019 to 19.5.2021
Consultants	20.5.2016	1,500,000	-	1,500,000	-	1.65	20.5.2020 to 19.5.2021
Director	1.2.2018	2,500,000	-	2,500,000	-	2.60	1.2.2019 to 31.1.2023



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

23 Share option scheme (Continued)

Grantee	Date of grant	Outstanding at the beginning of the period	Granted/ (exercised) during the period	Outstanding at the end of the period	Exercisable at the end of the period	Exercise price HK\$	Exercise period
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	25,200,000		

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

23 Share option scheme (Continued)

Notes:

- (a) The closing prices of the ordinary shares of the Company immediately before the date on option grant date were HK\$1.45 and HK\$2.57 on 20 May 2016 and 1 February 2018 respectively.
- (b) On 1 February 2018, the Company granted 22,000,000 new share options (“Options”) to certain eligible grantees of the Company and its subsidiaries (“Grantees”) under the share option scheme of the Company adopted on 17 May 2016, subject to the acceptance of the offer by the Grantees. The Options shall entitle the Grantees to subscribe for a total of 22,000,000 new ordinary shares of HK\$0.1 each in the share capital of the Company. The exercise price was set at HK\$2.60 per share.
- (c) 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 Period:	HK\$280,000 (2018: HK\$1,389,000)
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 Period:	HK\$2,789,000 (2018: 5,326,000)
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%



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

23 Share option scheme (Continued)

(c) (Continued)

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.

(d) 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.

24 Net asset value per share

The net asset value per share is calculated by dividing the net asset value of the Group as at 30 September 2019 of approximately HK\$5,751,185,000 (31 March 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 (31 March 2019: 2,900,940,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

25 Commitments

Capital commitment

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

	Group	
	30 September 2019 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
Capital contribution to BEFS ⁽¹⁾	175,808	186,776
Capital contribution to 東英騰華 ⁽²⁾	98,892	105,062
Capital contribution to Zhong Wei Capital L.P. ⁽³⁾	3,136	6,280
Capital contribution to OP Fine Billion L.P. ⁽⁴⁾	5,000	5,000
Capital contribution to 昆侖投資基金 ⁽⁵⁾	2,400	2,400



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

25 Commitments (Continued)

Capital commitment (Continued)

- (1) 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 million (equivalent to HK\$175,808,000) to BEFS. The capital will be drawn down on as-needed basis.
- (2) According to “Investment agreement” of 東英騰華, The Group has committed to a capital contribution of RMB90 million (equivalent to HK\$98,892,000) to 東英騰華. The capital will be drawn down on an as-needed basis.
- (3) 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\$15.7 million) to Zhong Wei. Contributions will be made when capital call is issued by the general partner of the limited partnership. As at 30 September 2019, US\$1,600,000 was called. The calling of the further capital contribution lies upon the future funding needs of the investment.
- (4) According to the “Exempted Limited Partnership Agreement” signed between OPFI GP(2) Limited, as the general partner, and the limited partner on 24 November 2015, the Group has committed to a capital contribution of HK\$5 million. The capital will be drawn down on an as-needed basis.
- (5) According to “Shareholders’ Agreement” and “Supplementary to Shareholders’ Agreement” signed by the Company and Great Wonderful Limited, 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 30 September 2019, HK\$600,000 was called (31 March 2019: HK\$600,000). The capital will be drawn down on as-needed basis.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

26 Related party transactions

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

(a) Transactions and balances with related parties

1. During the Period, investment management fee of HK\$6,900,000 (2018: HK\$6,900,000) were charged by Oriental Patron Asia Limited (“OPAL”), which is the investment manager of the Company and is a wholly owned subsidiary of Oriental Patron Financial Services Group Limited (“OPFSGL”). OPAL is a related company; as the directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have significant influence in OPFSGL.

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.

2. During the Period, the Group paid rental expense of approximately HK\$4,605,000 to Oriental Patron Management Service Limited (“OPMSL”) for office premises (2018: HK\$4,539,000). OPMSL is a wholly owned subsidiary of OPFSGL and it is considered as a related company of the Group as its directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have significant influence in OPFSGL.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

26 Related party transactions (Continued)

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

3. As at 30 September 2019, the Group paid Oriental Patron Securities Limited (“OPSL”) securities brokerage fee of HK\$15,000 (2018: HK\$563,000). OPSL is a related company as one of the directors, Mr. ZHANG Gaobo has significant influence in OPSL.
4. On 20 June 2016, the Company subscribed a HK\$9,500,000 promissory note issued by FCSSCL (“FCSSCL promissory note”). 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. The Group recognized HK\$119,000 interest income in the profit or loss for the Period (2018: HK\$238,000).

During the Period, 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 and interest payables of FCSSCL promissory note.

As at 30 September 2019, HK\$6,871,000 (31 March 2019: Nil) was included in prepayments and other receivables and the Group recognized HK\$3,104,000 (2018: Nil) service fee expenses in the profit or loss during the Period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

26 Related party transactions (Continued)

(b) Compensation of key management personnel

	Six months ended 30 September	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Salaries and other short-term employee benefits	7,477	3,184
Contributions to retirement benefits scheme	9	15
Equity-settled share-based payment	1,411	3,125
	8,897	6,324



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

27 Particulars of major investments held by the Group

Particulars of investments held by the Group as at 30 September 2019 disclosed as follows:

Name of equity securities	Nature of business	Proportion of investee's capital owned (%)	Cost	Carrying amount	Net asset attributable to the Group	Dividend received	Percentage of the Group's total assets
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	(%)
<i>Investments accounted for using equity method</i>							
TUVL – ordinary shares	Asset Management	25%	351,671	506,880	506,880	14,095	*8.01%
CSOP – ordinary shares	Asset management	22.5%	60,000	116,968	116,968	–	1.85%
OP EBS Fintech – contribution	Internet finance	40%	156,255	158,169	158,169	–	*2.50%
BEFS – contribution	Investment holding	20%	46,640	50,393	50,393	–	0.80%
<i>Financial assets at fair value through profit or loss</i>							
OPIM/OPIMC – non-voting preference shares	Asset management	100%	52,123	101,609	101,609	–	1.61%
Xiaoju Kuaizhi Inc. – preference shares	Mobile transportation platform	<1%	116,445	156,705	156,705	–	*2.48%
Victorian Investment Limited Partnership – contribution	Pharmaceutical and healthcare	46.15%	234,795	183,956	183,956	–	*2.91%
iCarbonX Group Limited – ordinary shares, plus award	Medical and healthcare	<5%	1,098,790	1,591,726	1,591,726	–	*25.15%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

27 Particulars of major investments held by the Group (Continued)

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 Period HK\$'000	Interest detail	Percentage of the Group's total assets (%)
<i>Debt investments</i>									
Debenture A	Unlisted debt investments, financing arrangement	Unlisted debt investments	3 years	284,000	274,524	274,524	11,395	8% per annum, pay quarterly	#4.34%
Debenture B	Private equity investments	Private equity investments	3 years	370,000	368,451	368,451	14,846	8% per annum, pay quarterly	#5.82%
Debenture C	Private equity investments	Private equity investments	3 years	312,000	301,589	301,589	12,519	8% per annum, pay quarterly	#4.77%
Debenture D	Private equity, listed and unlisted debt investments	Debt investments, financing arrangement	3 years	278,699	268,221	268,221	22,047	10% per annum, pay quarterly	#4.24%
Debenture E	Listed equity, listed and unlisted debt investments	Unlisted debt investments	18-21 months	340,000	327,326	327,326	8,888	7.5%-8% per annum, pay at maturity	#5.17%

Represents ten largest investments as at 30 September 2019



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 September 2019

28 Contingent liabilities

As at 30 September 2019, the Group had given guarantee in respect of the settlement of RMB20 million (equivalent to HK\$21,976,000) (31 March 2019: HK\$23,347,000) of 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, 博石資產管理股份有限公司 agreed to extend the loan repayment from 上海幸福九號網絡科技有限公司 until December 31, 2019. In the opinion of the directors of the Company, the fair values of the financial guarantee contract of the Group are insignificant at initial recognition and the directors of the Company consider that the probability of being liable to settle the loan and the liable amount to be 50% of the loan principal, which is RMB10 million, given we have not 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 RMB10 million (equivalent to HK\$10,988,000) was recognized as at 30 September 2019.

29 Approval of condensed consolidated interim financial information

The condensed consolidated interim financial information was approved and authorized for issue by the Board on 29 November 2019.