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OP FINANCIAL INVESTMENTS LIMITED

東英金融投資有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1140)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2014

RESULTS

The board of directors (the “Board” or the “Directors”) of OP Financial Investments Limited (the “Company” or “OP Financial” or “OPFI”) and its subsidiaries (the “Group”) is pleased to present to the shareholders the audited consolidated results of the Group for the financial year ended 31 March 2014 (the “Year”) together with comparative figures for the last financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

	<i>Note</i>	2014 HK\$'000	2013 HK\$'000
Revenue	3	30,488	29,591
Other income		1,820	274
Net change in unrealized gain/(loss) on financial assets at fair value through profit or loss			
– Classified as held for trading		25,897	99,180
– Designated as such upon initial recognition		(9,805)	(64,089)
		16,092	35,091
Realized loss on disposal of unlisted investment		–	(10,272)
Realized gain on disposal of subsidiaries		25,248	–
Realized gain on partial disposal of subsidiaries		21	–
Realized loss on deemed disposal of an associate		(1,426)	(2,308)
Impairment loss on available-for-sale financial assets		(3,831)	(7,927)
Equity-settled share-based payments		1,958	(1,340)
Administrative expenses		(43,053)	(46,670)

* For identification purposes only

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**
FOR THE YEAR ENDED 31 MARCH 2014

	<i>Note</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
Profit/(loss) from operations		27,317	(3,561)
Share of results of associates		<u>34,651</u>	<u>16,373</u>
Profit before tax		61,968	12,812
Taxation	5	<u>(14,748)</u>	<u>–</u>
Profit for the Year	6	<u>47,220</u>	<u>12,812</u>
Other comprehensive income			
<i>Items that may be reclassified to profits or loss</i>			
Exchange differences		(1,088)	1,143
Available-for-sale financial assets:			
Fair value changes during the Year		133	(158,456)
Impairment loss on available-for-sale financial assets		3,831	7,927
Deemed disposal of an investment		–	(39,433)
Redemption of convertible bond		–	3,860
Share of other comprehensive income of associates			
Fair value changes of available-for-sale financial assets		3,642	376
Exchange differences		<u>(78)</u>	<u>9</u>
Net other comprehensive income for the Year		<u>6,440</u>	<u>(184,574)</u>
Total comprehensive income for the Year		<u>53,660</u>	<u>(171,762)</u>
Earnings per share			
Basic	7(a)	<u>5.02 cents</u>	<u>1.36 cents</u>
Diluted	7(b)	<u>5.02 cents</u>	<u>1.36 cents</u>
		2014 HK\$'000	2013 <i>HK\$'000</i>
Proposed final dividend		<u>47,070</u>	<u>–</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2014

	<i>Note</i>	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Property, plant and equipment		21	22
Investments in associates		142,710	104,666
Available-for-sale financial assets		312,376	295,163
Financial assets at fair value through profit or loss		16,545	116,972
Loans receivable	8	<u>–</u>	<u>4,500</u>
		471,652	521,323
Current assets			
Financial assets at fair value through profit or loss		367,548	229,774
Accounts and loans receivable	8	10,264	3,908
Interest receivables		731	921
Prepayments and other receivables		2,895	1,134
Bank and cash balances		500,132	<u>520,953</u>
		881,570	756,690
TOTAL ASSETS		1,353,222	1,278,013
Capital and reserves			
Share capital		94,140	94,140
Reserves		1,185,409	1,179,521
Proposed final dividend		47,070	–
TOTAL EQUITY		1,326,619	1,273,661
Current liabilities			
Other payables		11,925	4,352
Tax payable		14,678	–
TOTAL LIABILITIES		26,603	4,352
TOTAL EQUITY AND LIABILITIES		1,353,222	1,278,013
NET ASSETS		1,326,619	1,273,661
Net asset value per share	9	HK\$1.41	HK\$1.35

NOTES

1 BASIS OF PREPARATION

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

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

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

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

In the Year, the Company and its subsidiaries (the “Group”) has adopted all the relevant new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are currently in issue and effective for its accounting year beginning on 1 April 2013. HKFRSs comprise all applicable individual Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and interpretations. The following new and revised HKFRSs are relevant to the Group’s operations. The adoption of these new and revised HKFRSs had no material impact on the Group’s results and financial position for the current or prior years, and did not result in any significant changes in the accounting policies of the Group.

- Amendment to HKAS 1, “Financial Statement Presentation”, effective for the accounting period beginning on or after 1 July 2012, requires entities to group items presented in ‘other comprehensive income’ (“OCI”) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The adoption of the amended HKAS 1 only affects the presentation of the consolidated statement of profit or loss and other comprehensive income.
- HKAS 28 (revised 2011) “Investments in Associates and Joint Ventures” includes the requirements for joint ventures, as well as associates, to be equity accounted for following the issue of HKFRS 11 (“Joint Arrangements”). The Group has already used the equity method to account for its associates.
- HKFRS 10 “Consolidated Financial Statements” builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group assessed HKFRS 10’s impact and considered that there is minimal impact on the Group’s consolidated financial statements.
- HKFRS 12 “Disclosures of Interests in Other Entities” includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group has disclosed the relevant information in these consolidated financial statements.

- HKFRS 13 “Fair Value Measurement” aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned HKFRSs and the Generally Accepted Accounting Principles of the United States of America, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The Group makes additional relevant disclosures in these consolidated financial statements.
- Amendments to HKFRS 7 “Financial instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities” required new disclosure requirements which focus on quantitative information about recognized financial instruments that are offset in the statement of financial position, as well as those recognized financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. The amendments did not have any impact on the Group’s financial position or performance.

(b) New standards, amendments and interpretations have been issued but not yet effective for the financial year beginning 1 April 2013 and have not been early adopted

- HKFRS 9 “Financial Instruments” addresses the classification, measurement and recognition of financial assets and financial liabilities and hedge accounting. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments and hedge accounting (other than specific accounting for open portfolios and macro hedging). HKFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. The expected mandatory effective date of HKFRS 9 would be no earlier than annual periods beginning on or after 1 January 2017. The Group is yet to assess HKFRS 9’s full impact. The Group will also consider the impact of the remaining phases of HKFRS 9 when completed.
- Amendments to HKFRS 10 “Consolidated Financial Statements” is effective for annual periods beginning on or after 1 January 2014. The amendments to HKFRS 10 define an investment entity and introduce an exception from the consolidation requirements for investment entities. The Group is yet to assess the impact of the adoption of these amendments on its financial positions and performance.
- Amendments to HKAS 32 “Offsetting Financial Assets and Financial Liabilities” is effective for annual periods beginning on or after 1 January 2014. These amendments clarify the offsetting criteria in HKAS 32 and address inconsistencies in their application. This includes clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not expected to have a material impact on the Group’s financial position or performance.

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

3. REVENUE

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

	2014 HK\$'000	2013 HK\$'000
Dividend income from unlisted investments	8,698	1,985
Performance premium from co-investment partner	15,504	15,513
Interest income	6,286	12,093
	<u>30,488</u>	<u>29,591</u>

4. SEGMENT INFORMATION

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

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

Geographical information:

	2014 HK\$'000	2013 HK\$'000
Revenue		
Hong Kong	6,149	13,563
Mainland China	23,559	16,028
Other countries	780	–
	<u>30,488</u>	<u>29,591</u>

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

Non-current assets other than financial instruments

	2014 HK\$'000	2013 HK\$'000
Hong Kong	<u>142,731</u>	<u>104,688</u>

Information about major investments and co-investment partners:

During the Year, performance premium received from one of the Group's unlisted investments and dividend income received from one of the Group's unlisted investments which individually accounted for 10% or more of the Group's total revenue amounted to approximately HK\$15,504,000 and HK\$6,605,000 respectively (2013: performance premium received from one of the Group's unlisted investments and interest income derived from one of the Group's unlisted investments which accounted for 10% or more of the Group's total revenue amounted to approximately HK\$15,513,000 and HK\$7,091,000 respectively).

During the Year, performance premium and dividend income received from one (2013: one) of the Group's co-investment partners which accounted for 10% or more of the Group's total revenue amounted to approximately HK\$22,110,000 (2013: HK\$15,513,000).

5. TAXATION

Hong Kong

- (a) Hong Kong Profits Tax has been provided at a rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the Year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in that overseas country.

	2014 HK\$'000	2013 HK\$'000
Overseas tax	14,678	–
Under-provision of Hong Kong Profits Tax for previous year	70	–
	<u>14,748</u>	<u>–</u>

The overseas tax amount represents applicable PRC tax provided at rates prevailing in the relevant jurisdiction.

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

	2014 HK\$'000	2013 HK\$'000
Profit before tax	<u>61,968</u>	<u>12,812</u>
Tax calculated at domestic tax rates applicable to profits in the respective countries	15,728	2,114
Tax effect of income that is not taxable	(5,357)	(11,940)
Tax effect of expenses that are not deductible	4,930	8,673
Tax effect of temporary differences not recognized	(1)	2
Tax effect of tax losses not recognized	572	1,151
Tax effect of utilisation of tax losses not previously recognized	(1,194)	–
Under-provision of tax in previous year	70	–
	<u>14,748</u>	<u>–</u>
Income tax		

6. PROFIT FOR THE YEAR

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

	2014 HK\$'000	2013 HK\$'000
Auditor's remuneration		
Audit	1,040	750
Others	281	335
	1,321	1,085
Depreciation	16	19
Investment management fee	19,800	21,647
Operating lease payments in respect of office premises	2,539	2,275
Staff costs (including directors' emoluments)		
Salaries and other benefits	16,623	18,216
Retirement benefits scheme contributions	206	185
Equity-settled share-based compensation	1,510	1,340
	<u>18,339</u>	<u>19,741</u>

- (b) The profit for the Year dealt with in the financial statements of the Company was approximately HK\$162,466,000 (2013: loss of HK\$18,389,000).

7. EARNINGS PER SHARE

- (a) **Basic earnings per share**

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

	2014	2013
Profit for the Year (HK\$'000)	<u>47,220</u>	<u>12,812</u>
Weighted average number of ordinary shares in issue (in thousand)	<u>941,400</u>	<u>941,400</u>
Basic earnings per share	<u>5.02 cents</u>	<u>1.36 cents</u>

- (b) **Diluted earnings per share**

Diluted earnings per share for both years were the same as the basic earnings per share as the Company's outstanding share options had no dilutive effect for both years.

8. ACCOUNTS AND LOANS RECEIVABLE

Group

	<i>Note</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
Accounts receivable	(a)	3,868	3,871
Amounts due from associates	(b)	–	37
Loan to an investee	(c)	1,896	–
Loan to an associate	(d)	1,500	1,500
Other loan	(e)	3,000	3,000
		10,264	8,408

Represented by:

Non-current assets	–	4,500
Current assets	10,264	3,908
	10,264	8,408

Company

	<i>Note</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
Amounts due from associates	(b)	–	37
Loan to an associate	(d)	1,500	1,500
Other loan	(e)	3,000	3,000
		4,500	4,537

Represented by:

Non-current assets	–	4,500
Current assets	4,500	37
	4,500	4,537

- (a) At 31 March 2014, the Group's accounts receivable represented performance premium receivable from a co-investment partner. The Group does not hold any collateral or other credit enhancements over the accounts receivable. The aging analysis of accounts receivable based on the invoice date is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Unbilled	3,868	3,871

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

At 31 March 2014 and 2013, the accounts receivable was neither past due nor impaired.

- (b) Amounts due from associates arise mainly from administrative expenses paid by the Group on behalf of the associates. The amounts were unsecured, interest-free. The balance was settled during the Year.
- (c) Loan to an investee is interest-free, unsecured, and have no fixed repayment term.
- (d) On 1 July 2012, a shareholders' loan supplementary agreement was signed by all shareholders of the associate. Pursuant to this agreement, the loan to an associate is unsecured, interest-free and not repayable until 30 June 2014.
- (e) Other loan represents loan to the major shareholder of one of the Group's associates. On 1 July 2012, a supplementary loan agreement was signed by this major shareholder and the Group. Pursuant to this agreement, other loan is unsecured, interest bearing at 5% per annum and not repayable until 30 June 2014.

9. NET ASSET VALUE PER SHARE

The net asset value per share is calculated by dividing the net asset value of the Group at 31 March 2014 of approximately HK\$1,326,619,000 (2013: HK\$1,273,661,000) by the number of ordinary shares in issue at that date, being 941,400,000 (2013: 941,400,000).

DIVIDEND

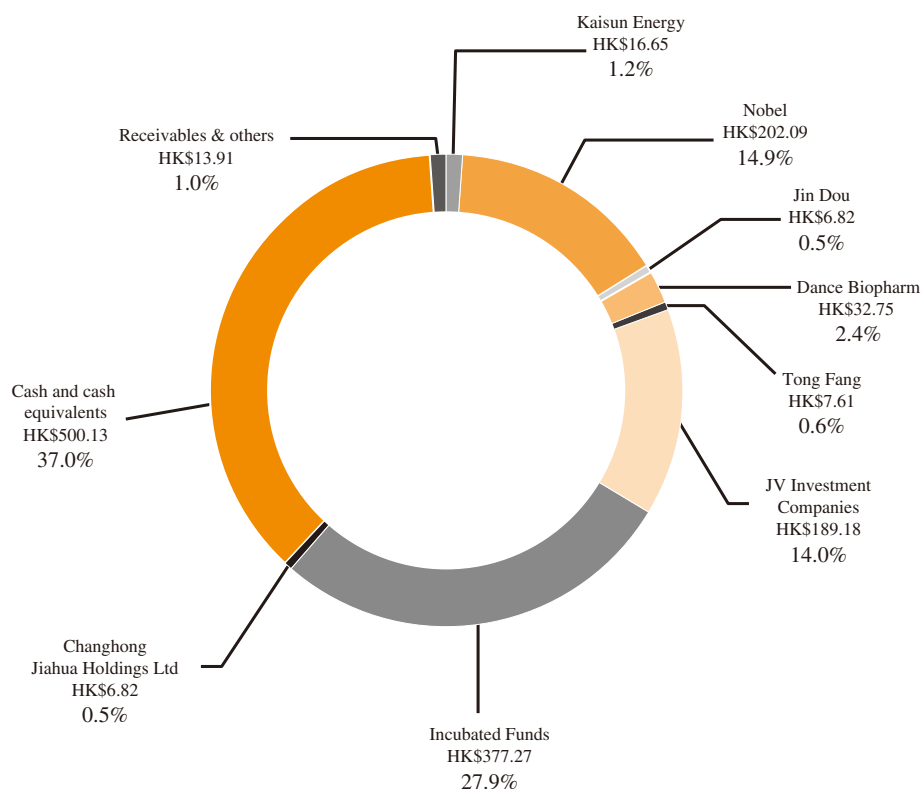
The Directors recommend the payment of a final dividend of HK5 cents per ordinary share in respect of the Year to shareholders whose names appear on the Register of Members of the Company at the close of business on Thursday, 21 August 2014. The proposed final dividend will be paid on Thursday, 28 August 2014 following approval at the forthcoming Annual General Meeting of the Company.

CLOSURE OF REGISTER OF MEMBERS

The final dividend is payable to shareholders whose names appear on the Register of Members of the Company at the close of business on Thursday, 21 August 2014, being the record date for determination of entitlement to the final dividend. In order to qualify for the proposed final dividend, the Register of Members of the Company will be closed on Thursday, 21 August 2014, during which no transfer of shares will be effected. All share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Company's branch share registrar, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 20 August 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment Holdings by Source (millions, as a percentage of total assets)



INVESTMENT REVIEW

The Group's portfolio performed well this year on the back of a recovery in the capital markets boosting performance in incubated funds but more significantly in our JV investment companies where operational improvements and expansionary efforts converted into stronger income. On the direct investment side, our exit from Meichen helped offset fair value losses in Nobel.

Meichen

In 2009, we invested in Meichen Group, an insurance brokerage based in Guangzhou. We allocated a total of HK\$106 million through a combination of HK\$45.5 million in equity plus HK\$60.5 million loan. Since 2011, the investment returned over HK\$101.4 million in loan repayments and capital.

In March 2014, the Group sold its entire position in Meichen Group for a total consideration of HK\$203.6 million. The sale translates into a net cash return of approximately HK\$118.4 million profit, and an absolute return on investment of 111% since 2009.

Further to our dividend policy, we intend to return some of the gains back to investors, retaining a portion of the earnings for future investments.

Nobel

In 2008, OPFI invested alongside China Investment Corporation in Nobel Holdings Investments Ltd. (“Nobel”), an independent upstream oil producer in Russia. Nobel’s principal assets include nine subsoil licenses covering seven oil fields and two exploration areas. Our position in Nobel fell 16.7% during the period, and our 5% in the company is now valued at HK\$202.1 million.

Private equity weakened alongside falling markets after the Russian-Ukraine relations escalated during the year. Moreover, global weakness in commodity prices combined with increasing mineral extraction taxes in Russia hurt valuations. Declining five-year projections illustrates a potential price decline of 4.3% on Brent Oil prices. Naturally thin operating margins in the industry makes the company particularly sensitive to changes in market prices.

Nobel’s total production for the year ending December 31, 2013 was 772,265 tons, falling short of the targeted 920,079 tons. According to management, this was due to temporary delays from a staff shortage in new Western Siberia earlier in the year.

Jin Dou

In 2009, OPFI invested in a Kazakhstan agriculture project with the mandate to diversify the country’s crops and commercialize regional production for export. OP Financial committed a total of US\$15 million, of which only US\$1.5 million was drawn.

Our position fell marginally from HK\$6.9 million to HK\$6.8 million during the year due to ongoing trial and infrastructure costs. While performance premiums received since inception have helped maintain an overall positive investment.

In the first half of 2013, the plantation increased to around 7,900 hectares across three farming units located in two regions of Kazakhstan. With the help of local joint venture partners, Jin Dou diversified the crop cycle to include soybean, wheat, barley, safflower and corn. The project team recently commissioned a design and planning institute to study 88,000 hectares for the development of the integrated farming and husbandry, 58,000 of which would be considered for livestock to maximize land yield throughout the year.

As the management continues to strengthen its relationship with the local business community and the government, it is also exploring ancillary joint investment opportunities in trade, infrastructure and distribution specifically into China.

JV Investment Companies

We have non-controlling positions with four asset management companies. The two major positions are OP Investment Management and CSOP.

CSOP

Our position in CSOP grew 36% from HK\$100.3 million to HK\$136.8 million. The company's AUM grew from HK\$27.7 billion to over HK\$37.9 billion after launching its China A80 ETF in September whilst expanding its ETF distribution to Europe with new products in the pipeline.

In August 2013, CSOP issued additional shares to employees, diluting our shares to 23.7% of the management company. More importantly, CSOP is now globally recognized as the leading RQFII manager by AUM, and our position has more than doubled since 2009. We believe CSOP's current valuation on our books does not accurately reflect its market value compared to other global asset managers of its caliber, and we plan to hold the position as management continues its international expansion.

OP Investment Management ("OPIM" or "OPIM Group")

OP Investment Management ("OPIM"), consisting of two operating entities – OP Investment Management Limited and OP Investment Management (Cayman) Limited, is a fund-management platform that supports emerging third party funds with preliminary structuring, infrastructure, and access to capital. Funds under management grew to US\$314 million from US\$300.8 million during the year.

After completing a restructuring effort into a fully-fledged platform, streamlining operations whilst launching new funds, the company returned to profitability. Markets were particularly favorable for Asia long-biased funds which converted into strong performance fee income. Our investment positions via ordinary shares and preferences shares recovered from HK\$25.5 million to HK\$47.5 million for the year.

With strong earnings in 2013, OPIM expects stable growth as fund flows return to the global alternative investment market. It plans to further develop its position as Asia's leading fund management platform.

Incubated funds

The Group invests in a portfolio of unlisted investment funds as part of a larger incubation strategy to strengthen new funds developed through our partnerships. Fund strategies range from long-only equity funds, multi-strategy hedge, to distressed property.

Including our investments managed by CSOP and OPIM, our total funds increased by approximately HK\$165.6 million from HK\$211.7 million to HK\$377.3 million during the period largely due to new subscriptions, although the Greater China Select fund performed particularly well with a gain of 18.2%.

Incubated Investment Funds (millions)

2014

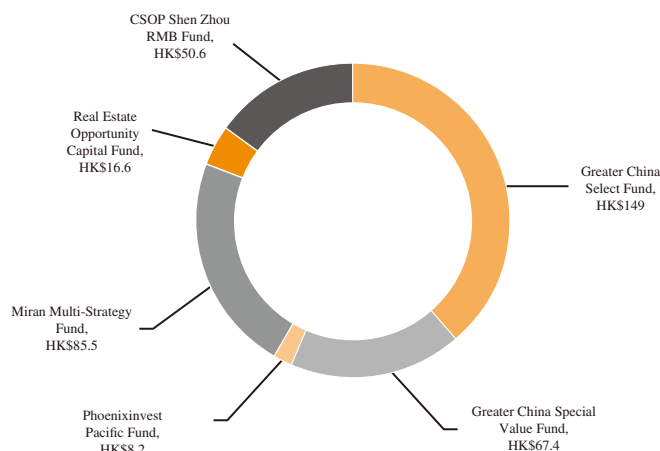


Figure 1: Total HK\$377.3 million

Changes in our incubated funds' positions during the current period have been outlined below:

Fund name	Fund strategies	2013 (HK\$'000)	2014 (HK\$'000)	Net change (HK\$'000)	Notes:
GREATER CHINA SELECT FUND	Equities (Long only), China	15,917	148,965	133,048	HK\$23M gain and HK\$110M new subscription
GREATER CHINA SPECIAL VALUE FUND	Equities (Long), Private Equity, Emerging Markets	83,029	67,410	(15,619)	Distribution in-specie: Real Estate Opportunity Capital Fund
PHOENIXINVEST PACIFIC FUND	Equities (Long/Short), Asia Pacific	8,629	8,233	(396)	Loss
MIRAN MULTI-STRATEGY FUND	Multistrategy, Global	52,533	85,512	32,979	HK\$6.6M gain and HK\$26.4M new subscription
REAL ESTATE OPPORTUNITY CAPITAL FUND	Property	n/a	16,545	16,545	Received from Greater China Special Value Fund's distribution in-specie Net of HK\$0.78M dividends
CSOP SHEN ZHOU RMB FUND	Bonds (RMB), China	51,556	50,610	(946)	Net of HK\$1.3M dividends
Total		<u>211,664</u>	<u>377,275</u>	<u>165,611</u>	

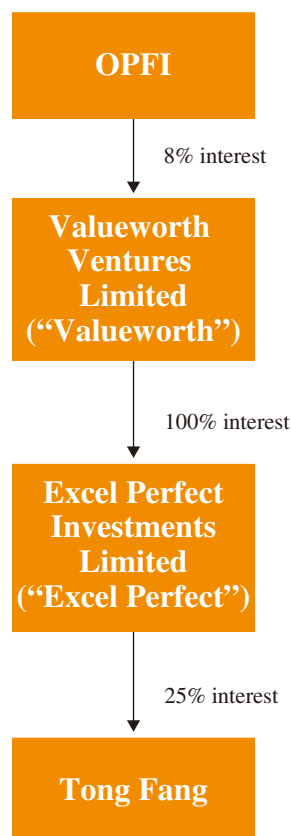
NEW INVESTMENTS

OPFI has made investments into two new industries: pharmaceuticals and green energy, deploying a total HK\$40.3 million for minority positions. These projects are structured to include rights to greater participation as the investees mature.

The first project is a HK\$19.2 million US-based investment, Dance Biopharm Inc., which develops and manufactures insulin inhalation products which provide alternatives to self injection. The technology is still in pre-commercialisation testing and subject to FDA approval. Share price of market comparable companies in the same space have performed very well, alluding to encouraging prospects for Dance's own plans to list later this year.

In addition to equity in the US Company, the deal structure grants OPFI shares in a separate joint venture company with exclusive distribution rights to Asia. The joint venture company also holds a mandate to secure PRC regulatory approvals for distribution in China.

The second project is management buyout holding company which targets minority stakes in PRC companies. We hold 8% of the holding company, whose first acquisition is an energy management and solutions company called, Tong Fang Energy Saving Engineering Technology Co. Ltd. ("Tong Fang"). This green company invests alongside clients on energy saving technology and generates income by sharing the customers' cost savings. Recently, Hong Kong listed Technovator International announced an offer to buy 25% of Tong Fang for RMB95 million. This values our holdings at HK\$7.6 million. We also have an outstanding shareholder's loan of HK\$1.9 million.



Total investment cost of the project was HK\$21.1 million of which HK\$19.1 million was repaid before the end of the financial year.

FINANCIAL REVIEW

Financial position

Net asset value: The Group's net assets as at 31 March 2014 increased 4% from HK\$1.27 billion to HK\$1.33 billion during the year. The NAV per share increased from HK\$1.35 to HK\$1.41.

Gearing: The gearing ratio, which is calculated on the basis of total liabilities over total equity as at 31 March 2014, was 0.02 (31 March 2013: 0.003). Despite the increase, we still managed to maintain our low leverage policy for our investments.

Investments in associates: It represents mainly our share of net assets of JV investment companies, CSOP and Guotai Junan Fund Management Limited ("Guotai Junan"). Assets increased by 36% to HK\$142.7 million as at 31 March 2014 (31 March 2013: HK\$104.7 million) reflecting CSOP's strong financial performance for the year.

Available-for-sale financial assets: A 6% increase from HK\$295.2 million to HK\$312.4 million during the year was mainly the net result of (i) decline in our position with Nobel of HK\$40.5 million; (ii) increase of HK\$21.4 million in OPIM Group preference shares; and (iii) increase in our position with Dance Biopharm of HK\$32.7 million.

Financial assets at fair value through profit or loss: The HK\$37.4 million increase from HK\$346.7 million to \$384.1 million during the year was mainly the net results of (i) disposal of interest in Meichen with a carrying value of HK\$117 million; (ii) new subscriptions to several incubated funds of HK\$134.8 million; (iii) net unrealized gain on investment funds of HK\$30.8 million; and (iv) decrease in value of Glory Wing International Limited convertible note of HK\$10.56 million.

Loan receivables: The amount remained steady at HK\$4.5 million.

Bank and cash balances: During the year ended 31 March 2014, bank and cash balances decreased from HK\$521 million to HK\$500 million, mainly attributable to the net results of disposal of Meichen and the new subscriptions in investment funds.

RESULTS

The Group generated particularly strong income whilst keeping administrative costs relatively the same as last year. While Meichen contributed HK\$22 million to results, CSOP delivered HK\$33 million in share of associates' results – more than tripling its income last year. Meanwhile, gains in investment funds contributed HK\$30 million. Despite weak valuations, Nobel distributed a dividend of HK\$6.6 million while Jin Dou registered performance premiums of HK\$15 million. However, there was a comparatively small revaluation loss of HK\$10 million in Glory Wing CB. Overall, net assets improved slightly from HK\$1.27 billion to HK\$1.33 billion.

Consolidated statement of profit or loss and other comprehensive income

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Dividend income from unlisted investments ¹	8,698	1,985
Performance premium from a co-investment partner ²	15,504	15,513
Interest income ³	6,286	12,093
	<u>30,488</u>	<u>29,591</u>

- (1) Dividend of approximately HK\$6.6 million was received from Nobel during the year. Last year's figure represents dividend received from CSOP Shen Zhou RMB Fund.
- (2) CIC, co-investment partner in both the agriculture partnership and Nobel, awarded OPFI performance premiums totaling HK\$15.5 million (2013: HK\$15.5 million) to the Group in return for our resources allocate to the agriculture partnership – Jin Dou.
- (3) Interest income of approximately HK\$6.3 million (2013: HK\$12.1 million) is mainly derived from our note investment and term deposits in banks. The decrease is mainly attributable to the redemption of convertible bond investments via Kaisun Energy in last year.

Net change in unrealized gain/loss on financial assets at fair value through profit or loss: The net change in unrealized gain of HK\$16.1 million (2013: gain of HK\$35.1 million) mainly represents the net result of (i) the unrealized gain on the Group's investment funds of approximately HK\$30.8 million; (ii) the unrealized loss of HK\$10.6 million on Glory Wing convertible bond; and (iii) the transfer-out of net unrealized gain of HK\$3.4 million due to the disposal of Meichen.

Realized gain on disposal of subsidiaries: This represents the realized gain of HK\$25.2 million arising from disposal of Meichen.

Realized loss on deemed disposal of an associate: This represents the realized loss arising from the dilution of our equity interest in CSOP from 25% to 23.7% (2013: from 30% to 25%).

Impairment loss on available-for-sale financial assets: Due to the prolonged decrease in the fair value of the Group's investment in the ordinary shares of Kaisun Energy from its investment cost, an impairment loss of HK\$3.8 million was recognized during the year.

Equity-settled share-based payments: Share options of HK\$3.5 million were forfeited during the year, offset by HK\$1.5 million in share options vested during the year.

Administrative expenses: The total administrative expenses remains approximately the same level and no material change is noted.

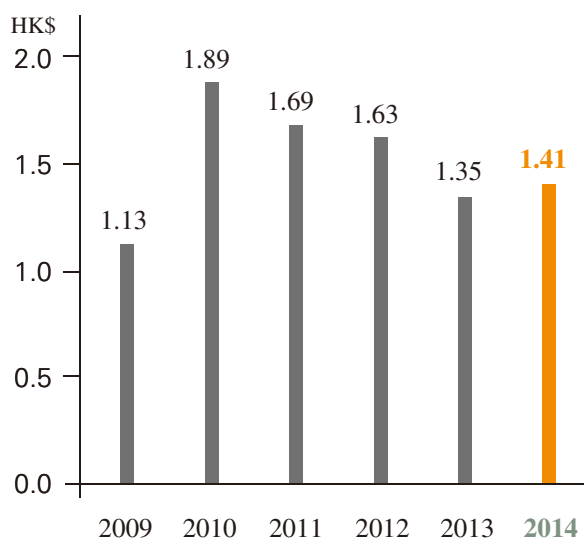
Share of results of associates: HK\$33 million of the total \$34.6 million represents the share of result attributable to associate, CSOP. The remaining HK\$1.6 million represents the contributions by both OPIM and Guotai Junan combined.

Other comprehensive income: Changes to the Group's NAV, otherwise not accounted for in "profit for the year", are found in "other comprehensive income". The gain of HK\$6.4 million is net of (i) increase in fair value of available-for-sale investments by HK0.1 million, mainly represents the increase in values of OPIM Group preferences shares and Dance Biopharm offset by the decrease in value of equity interest in Nobel; and (ii) impairment loss on available-for-sale financial assets transferred to "profit for the year" of HK\$3.8 million. Combining with the "profit for the year", the total comprehensive income for the Year was a gain of HK\$53.7 million.

Fair value changes recognized in "Other Comprehensive Income"

	2014 HK\$'000	2013 HK\$'000
Nobel	(40,501)	(115,684)
OPIM preference shares	21,430	(23,664)
Kaisun Energy-CB Borrowing Portion	–	(9,352)
Kaisun Energy-Ordinary Shares	(3,963)	(9,116)
Jin Dou	(109)	(640)
Dance	15,669	–
Tong Fang	7,607	–
Fair value change	133	(158,456)

Net Asset Value Per Share (in HK\$)



DIVIDEND POLICY AND PROPOSED FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK5 cents per share in respect of the year to shareholders.

As part of a long term commitment to providing shareholder value, in the future, the Board intends to recommend dividend distribution upon successful exit of any material profitable investment position. This year's dividend is financed by the proceeds from the sale of assets related to Meichen Group.

LIQUIDITY AND FINANCIAL RESOURCES

Dividend income from investments held, performance premiums, and interest income from bank deposits and financial instruments held are currently the Group's major source of revenue. During the year, the Group continued to maintain a significant balance of cash and cash equivalents. As at 31 March 2014, the Group had cash and bank balances of HK\$500 million (31 March 2013: HK\$521 million). The Group had no bank borrowings and did not pledge any assets as collateral for overdrafts or other loan facilities during the period under review. The debt-to-equity ratio (interest bearing external borrowings divided by shareholders' equity) stood at zero while the current ratio (current assets divided by current liabilities) was 30 times (2013: 174 times). For further analysis of the Group's cash position, current assets and gearing, please refer to paragraphs under sub-sections headed "Financial position" above. The Board believes that the Group has sufficient financial resources to satisfy its immediate investments and working capital requirements.

CAPITAL STRUCTURE

As at 31 March 2014, the Group's shareholders' equity and total number of shares in issue for the Company stood at HK\$1.33 billion (2013: HK\$1.27 billion) and 941.4 million (2013: 941.4 million), respectively.

MATERIAL ACQUISITIONS AND DISPOSALS OF INVESTMENTS

The Group had the following material acquisitions and disposals of investments during the year.

- Disposal of Meichen's position at HK\$203.6 million,
- Investment in Greater China Select Fund of HK\$110million,
- Investment in Miran Multi-Strategy Fund of HK\$26.3 million,
- Investment in Dance preference share of HK\$17.1 million.

SEGMENT INFORMATION

Segment information of the Group is set out in note 4 on page 6 of this announcement.

EMPLOYEES

During the year, the Group had 23 (2013: 20) employees, inclusive of all directors of the Group and its subsidiaries. Total staff costs for the year amounted to HK\$14.9 million (2013: HK\$19.7 million). The Group's remuneration policies are in line with the market practice and are determined on the basis of the performance and experience of individual employee.

SHARE OPTION SCHEME

During the year, the Group has recognized HK\$1,510,000 (2013: HK\$1,340,000) in the profit or loss as share-based compensation expenses regarding the share options granted in 2010 and 2011. HK\$3,468,000 was recognized in the profit or loss as the forfeiture of share options during the year.

No new share option was granted or offered during both years.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The investment in CSOP Shen Zhou RMB Fund and certain bank balances are denominated in Renminbi, which had a positive impact on the Group's financial position due to the appreciation trend of Renminbi during the Year.

Except for these investments and bank balances, the Group did not expose to significant foreign exchange fluctuation as most of the assets and liabilities are denominated in Hong Kong Dollars or United States Dollars.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2014, there were no charges on the Group's assets and the Group did not have any significant contingent liabilities.

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

As at 31 March 2014, there were no plans for material investments or capital assets, but the Company may, at any point, be negotiating potential investments. The Company considers new investments as part of its normal business, and therefore management may publically announce these plans as they become necessarily disclosable to shareholders during the course of the financial year.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

EVENTS AFTER THE REPORTING PERIOD

The Group currently holds 8% interest in Valueworth, which in turn holds 25% interest in Tong Fang via Excel Perfect.

On 30 April 2014, Technovator International Limited (“Technovator”) (HK listed stock code: 1206) publically announced a proposed offering of RMB95 million for the 100% interest in Excel Perfect. The proposed deal is subject to approval of Technovator’s independent shareholders in its coming shareholders’ meeting.

CORPORATE GOVERNANCE CODE (“CG CODE”) COMPLIANCE

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

Code provision A.5.6 states that the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report. Code provision L(d)(ii) further states that if the nomination committee (or the board) has a policy concerning diversity, that section should also include the board’s policy or a summary of the policy on board diversity, including any measurable objectives that it has set for implementing the policy, and progress on achieving those objectives. During the Year, the Board has adopted its Board Diversity Policy which summary will be disclosed in the subsection headed “Board Diversity Policy” in this year’s CG Report. The Nomination Committee had discussed this issue in accordance with the policy but it had not come up with any plan to change the current composition of the Board. The measurable objectives for achieving diversity on the Board will be further considered and discussed in the meetings for the next financial year.

AUDIT COMMITTEE

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

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

The audited financial statements for the year have been reviewed by the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (“MODEL CODE”)

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

REVIEW OF THE ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The figures in respect of the annual results announcement of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the 2014 Financial Year have been agreed by the Group's auditor, Messrs. PricewaterhouseCoopers, to the amounts set in the Group's audited consolidated financial statements for the 2014 Financial Year. The work performed by Messrs. PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. PricewaterhouseCoopers on the annual results announcement.

FORWARD-LOOKING STATEMENTS

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

PUBLICATION OF FINANCIAL INFORMATION

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

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr Zhang Zhi Ping and Mr Zhang Gaobo; and three independent non-executive Directors, namely, Mr Kwong Che Keung, Gordon, Professor He Jia and Mr Wang Xiaojun.

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

Hong Kong SAR, 27 June 2014