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If you have sold or transferred all your Shares, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**CONTINUING CONNECTED TRANSACTIONS
NEW INVESTMENT MANAGEMENT AGREEMENT**

**Independent Financial Adviser to
Independent Board Committee and Independent Shareholders**



A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 14 to 15 of this circular. A letter from TC Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 28 of this circular.

A notice convening the EGM to be held at 27/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong at 10:50 a.m. on Tuesday, 28 August 2018 is set out on pages 36 to 37 of this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM (i.e., at or before 10:50 a.m. on Sunday, 26 August 2018 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such event, the form of proxy will be deemed to be revoked.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Commencement Date”	the first calendar day of the month immediately following the month upon the New Investment Management Agreement becomes effective
“Company”	OP Financial Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at 27/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong at 10:50 a.m. on Tuesday, 28 August 2018, the notice of which is set out on pages 36 to 37 of this circular, and any adjournment thereof
“Existing Investment Management Agreement”	the investment management agreement dated 3 March 2016 entered into between the Company and the Investment Manager in respect of the provision of investment management and administration services by the Investment Manager to the Company from 1 June 2016 to 31 March 2019, details of which has been disclosed in the announcement of the Company dated 3 March 2016 and the circular of the Company dated 25 April 2016
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region, the People’s Republic of China
“Independent Board Committee”	a board of committee, comprising the independent non-executive Directors, established to advise the Independent Shareholders in respect of the continuing connected transactions contemplated under the New Investment Management Agreement and the related annual caps

DEFINITIONS

“Independent Financial Adviser” or “TC Capital”	TC Capital International Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed by the Board for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the New Investment Management Agreement
“Independent Shareholders”	the Shareholders, other than OPFSG, OIL and their respective associates (including Messrs Zhang Zhi Ping and Zhang Gaobo, and the Investment Manager), and all other Shareholders interested in the New Investment Management Agreement
“Investment Manager”	Oriental Patron Asia Limited, a licensed corporation permitted to carry on Type 1 (dealing in securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Latest Practicable Date”	2 August 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	31 August 2018 (or such later date as the parties to the New Investment Management Agreement may agree in writing)
“New Investment Management Agreement”	the investment management agreement dated 18 July 2018 entered into between the Company and the Investment Manager in respect of, subject to the Independent Shareholders’ approval, (i) the early termination of the Existing Investment Management Agreement with effect from the Commencement Date; and (ii) the provision of investment and management duties arising pursuant to the Group’s investments by the Investment Manager to the Group from the Commencement Date up to and including 31 March 2021

DEFINITIONS

“OIL”	Ottness Investments Limited, a substantial Shareholder holding 330,000,000 Shares, representing approximately 11.23% of the issued share capital of the Company as at the Latest Practicable Date
“OPFGL”	Oriental Patron Financial Group Limited, a company incorporated in the British Virgin Islands with limited liability, the parent company of OIL, OPFSGL and OPMSL
“OPFSGL”	Oriental Patron Financial Services Group Limited, a company incorporated in the Cayman Islands with limited liability, a Shareholder holding 29,800,000 Shares, representing approximately 1.01% of the issued share capital of the Company as at the Latest Practicable Date
“OPISL”	OP Investment Service Limited, a company incorporated under the laws of Hong Kong, a wholly owned subsidiary of the Company
“OPMSL”	Oriental Patron Management Services Limited, a company incorporated in Hong Kong with limited liability, an indirect non-wholly owned subsidiary of OPFGL
“SFC”	the Securities and Futures Commission in Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.



OP FINANCIAL LIMITED

東英金融有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1140)

Executive Directors:

Mr. Zhang Zhi Ping (*Honorary Chairman*)

Mr. Zhang Gaobo (*Chairman & CEO*)

Mr. Zhang Weidong

Non-executive Directors:

Dr. Wu Zhong (*Deputy Chairman*)

Mr. Chen Yuming

Dr. Fu Weigang

Independent non-executive Directors:

Mr. Kwong Che Keung, Gordon

Mr. Wang Xiaojun

Prof. He Jia

Registered office:

P.O. Box 309GT

Ugland House

South Church Street

George Town

Grand Cayman

Cayman Islands

***Head office and principal place
of business in Hong Kong:***

27th Floor, Two Exchange Square

8 Connaught Place, Central

Hong Kong

7 August 2018

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
NEW INVESTMENT MANAGEMENT AGREEMENT**

1. INTRODUCTION

In the announcement of the Company dated 18 July 2018, the Company announced that the Group entered into the New Investment Management Agreement which constitute continuing connected transactions of the Company.

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the EGM to approve the New Investment Management Agreement and the related annual caps.

* For identification purpose only

LETTER FROM THE BOARD

2. NEW INVESTMENT MANAGEMENT AGREEMENT

Reference is made to the announcement of the Company dated 3 March 2016 and the circular of the Company dated 25 April 2016 in relation to among others, the Existing Investment Management Agreement.

The Existing Investment Management Agreement is expiring on 31 March 2019. As it is expected that the continued provision of investment and management services by the Investment Manager would be required, on 18 July 2018, the Company and the Investment Manager entered into the New Investment Management Agreement, which is, subject to the Independent Shareholders' approval at the EGM. The New Investment Management Agreement will replace the Existing Investment Management Agreement with effect from the Commencement Date, for a term until 31 March 2021.

Principal terms of the New Investment Management Agreement

Except for the time period to be covered and adjustments to be made to the management fee payable to the Investment Manager by the Company, the terms of the Existing Investment Management Agreement and the New Investment Management Agreement are substantially the same in all material respects.

The principal terms of the New Investment Management Agreement are set out below:

Date

18 July 2018

Parties

- (1) The Company; and
- (2) The Investment Manager

Early termination of the Existing Investment Management Agreement

The Existing Investment Management Agreement will be terminated with effect from the Commencement Date.

Under the Existing Investment Management Agreement, the Investment Manager is entitled to (1) a monthly management fee which is determined by reference to the net asset value of the Company from time to time; and (2) an annual performance fee which is determined by reference to the increase in the net asset value per Share of the Company from time to time. Please refer to the announcement of the Company dated 3 March 2016 and the circular of the Company dated 25 April 2016 for detailed formulas for determining such monthly management fee and annual performance fee. In consideration of and subject to the New Investment

LETTER FROM THE BOARD

Management Agreement becoming unconditional, the parties have agreed that, in respect of the monthly management fee and the annual performance fee (if any) payable by the Company to the Investment Manager pursuant to the terms and conditions of the Existing Investment Management Agreement from 1 April 2018 up to the Commencement Date, the Investment Manager will charge a fixed management fee of HK\$1,150,000 per month (or for a period less than a month, the amount of such fee shall be calculated in proportion to the number of days on the basis of a calendar month of 30 days) in lieu of such monthly management fee and annual performance fee, and irrevocably waives any difference thereof as otherwise payable by the Company under the terms of the Existing Investment Management Agreement with effect from the Commencement Date.

Duration

From the Commencement Date up to and including 31 March 2021.

Services to be provided

The Investment Manager shall undertake investment and management duties arising pursuant to the Group's investments and shall render such advice and assistance to the Company as it may from time to time require in connection with the investment and divestment of the assets (including cash) of the Group. In particular, the Investment Manager shall:

- (a) identify, review and evaluate investment and divestment opportunities for the Group;
- (b) execute investment and divestment decision of the Company in accordance with the instructions of the Board;
- (c) monitor and keep under review the performance and status of the assets including cash of the Group from time to time; and
- (d) act in accordance with all reasonable instructions given and/or authorities delegated (as the case may be) to it from time to time by the Board and keep the Board fully informed as to the discharge of its powers and duties under the New Investment Management Agreement.

Management fees

In respect of the services provided by the Investment Manager under the New Investment Management Agreement for each calendar month, the Company shall pay the Investment Manager a monthly fee payable in Hong Kong dollars in arrears on or before the seventh Business Day of the immediately following calendar month at HK\$1,150,000 per month.

For a period less than a month, the amount of such fee shall be calculated in proportion to the number of days on the basis of a calendar month of 30 days.

LETTER FROM THE BOARD

The amount of the fixed monthly management fee payable by the Company under the New Investment Management Agreement has been determined by the parties after arm's length negotiation, taken into account the terms of the Existing Investment Management Agreement and the New Investment Management Agreement, the change of capital and assets, the increase of human resources and those charged by investment managers of other investment companies listed on the Main Board of the Stock Exchange. Moreover, the Company now has built up its own experience and resources in terms of deal sourcing, evaluation, execution and monitoring capability thus reducing its dependency on the Investment Manager.

Condition of the New Investment Management Agreement

The New Investment Management Agreement is conditional upon the approval by the Independent Shareholders in respect of the New Investment Management Agreement at the EGM.

In the event that the condition referred to above cannot be satisfied on or before the Longstop Date, the New Investment Management Agreement shall terminate and none of the parties shall have any rights or obligations against the other except for any antecedent breach of the New Investment Management Agreement in respect of which the right of the party not in default shall remain unaffected.

Termination

The New Investment Management Agreement shall be terminated by the Company or the Investment Manager at any time by written notice to the other party if, among others, the other party goes into liquidation; or the other party commits any material breach of the New Investment Management Agreement which, if capable of remedied, is not remedied within 30 days from the date of a written request served by the party not in default requiring that the breach be remedied.

Proposed annual caps

Pursuant to the Existing Investment Management Agreement, the annual caps of the fees payable to the Investment Manager by the Company for the provision of investment and management services was HK\$71 million, HK\$134 million and HK\$299 million for the term from 1 June 2016 to 31 March 2017, and each of the two years ended 31 March 2019, respectively. Historically, fees paid to the Investment Manager by the Company for the provision of investment and management services pursuant to the Existing Investment Management Agreement amounted to HK\$41,158,000 and HK\$55,866,000 for the two years ended 31 March 2018, respectively.

The Directors expect that the aggregate management fees payable by the Company to the Investment Manager pursuant to the New Investment Management Agreement for each of the three years ending 31 March 2021 will not exceed HK\$13.8 million, HK\$13.8 million and HK\$13.8 million, respectively. The Proposed Annual

LETTER FROM THE BOARD

Caps are determined by reference to the fixed monthly management fee payable by the Company under the New Investment Management Agreement during each of the three years ending 31 March 2021.

Reasons for and benefits of entering into the New Investment Management Agreement

The Company is an investment company under Chapter 21 of the Listing Rules, with the mandate allowing the Group to invest globally in various assets, equity, debts, financial instruments, investment funds and partnerships, investment structures, businesses and special situations.

The Group aims to produce medium to long term shareholder returns through capital appreciation, dividend and fixed income.

The Investment Manager is a corporation licensed to carry out regulated activities of dealing in securities, advising on corporate finance and asset management under the SFO. The Investment Manager has been appointed to act as the investment manager of the Company for more than 10 years since the listing of the Shares on the Stock Exchange on 20 March 2003.

The Board has taken into account, including but without limitation, the following factors when considering whether to continue to appoint the Investment Manager:

- the Investment Manager's possession of the required professional qualifications, expertise and experience in providing the relevant services;
- sustainability of the Investment Manager's business to provide the relevant services at a reasonable standard;
- the Investment Manager's ability to introduce new investment opportunities and investors to the Company;
- the long-term and cordial business relationship between the Investment Manager and the Company;
- the Investment Manager's in-depth understanding of the operations and business of the Company; and
- the historical performance of the Company's investments contributed by the Investment Manager (Note: The historical performance of the Company's investments is set out in the annual reports and the interim reports of the Company, copies of which are available on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.opfin.com.hk)).

LETTER FROM THE BOARD

Under the New Investment Management Agreement, the Investment Manager will charge the Company a fixed fee of HK\$1.15 million per month for its provision of investment and management services. Despite a fixed fee payment arrangement pursuant to the New Investment Management Agreement, the Board is of the view that the Investment Manager could still be incentivized to act in the best interest of the Company and to consistently generate higher return on its investment portfolio, as pursuant to the terms of the New Investment Management Agreement:

- (i) the Investment Manager undertakes to among others, monitor and keep under review the performance and status of the assets of the Group from time to time, based on information as may reasonably be available to it and provide the Board with any assistance in relation to the Company's investment as it may require;
- (ii) the Board may from time to time give written instructions and directions to the Investment Manager relating to the conduct of business by the Investment Manager on behalf of the Group, and the Investment Manager shall observe and comply with such instructions and directions given to it in writing from time to time by the Board;
- (iii) the Investment Manager covenants to use its best efforts to promote and maintain the reputation and interests of the Company; and
- (iv) should the Investment Manager persistently refuses to carry out any reasonable instructions given to it by the Company in the course of the performance of its duties, the Company shall be entitled to terminate the New Investment Management Agreement at any time and without compensation to the Investment Manager by giving written notice to the Investment Manager.

The Investment Manager plays a pivotal role to the financial performance of the Group by undertaking the investment and management duties to the Company pursuant to the Existing Investment Management Agreement. Therefore, both the Directors and the Shareholders shall be able to evaluate the performance of the Investment Manager by reading the financial results of the Group as disclosed in the financial reports of the Company (i.e. annual and interim reports).

Having considered the above factors, the Board is of the view that it would be in the interest of the Group and the Shareholders as a whole to continue with the existing relationship with the Investment Manager. The transactions contemplated under the New Investment Management Agreement will continue to be conducted in the ordinary and usual course of business of the Group.

The Directors consider that the entering into of the New Investment Management Agreement is in the ordinary and usual course of business of the Group and that the terms of the New Investment Management Agreement are determined after arm's length negotiation with the Investment Manager. Accordingly, the Directors are of the view that the terms of the New Investment

LETTER FROM THE BOARD

Management Agreement and the Proposed Annual Caps are fair and reasonable, on normal commercial terms or better and that the entering into the New Investment Management Agreement is in the interests of the Group and its Shareholders as a whole.

3. IMPLICATIONS UNDER THE LISTING RULES

The Company is an investment company under Chapter 21 of the Listing Rules with a mandate allowing the Group to invest globally in various assets, equities, debts, financial instruments, investment funds and partnerships, investment structures, businesses and special situations. The Group aims to produce medium to long term shareholder returns through capital appreciation, trading profits, dividend and fixed income.

The Investment Manager is a licensed corporation under the SFO to carry on Type 1 (dealing in securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities. As at the Latest Practicable Date, the Investment Manager did not provide investment management services to any company other than the Group.

The background and relevant experience of the responsible officers and/or directors who are responsible for asset management business of the Investment Manager are as follows:

CHAN Nap Kee, Joseph has been an executive director and a responsible officer of the Investment Manager since 1994. Mr. Chan has 29 years of experience in commercial and investment banking and asset management. He is currently the chairman, an executive director and chief executive officer of Kaisun Energy Group Limited (stock code: 8203), a company listed on the Growth Enterprise Market (“**GEM**”) of the Stock Exchange. He is also an independent non-executive director of North Asia Strategic Holdings Limited (stock code: 8080), a company listed on the GEM of the Stock Exchange since February 2013 and a non-executive director of HNA Infrastructure Company Limited (stock code: 357) since October 2007, a company listed on the Main Board of the Stock Exchange. Mr. Chan was the deputy manager of Credit Agricole from 1986 to 1994, where he was in charge of the China business. From 1992 to 1994, he was also the co-head of Credit Agricole Asset Management South East Asia Limited. He was also an executive director of Oriental Patron Securities Limited from 2008 to 2013 and SanJohn Capital Limited from 2007 to 2011. Mr. Chan obtained a master degree majoring in international marketing from the University of Strathclyde, the United Kingdom in July 1995, and a diploma in China investment and Trade Study from Peking University in November 1989. Mr. Chan is currently licensed as a responsible officer under the SFO to carry on Type 1 (dealing in securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities.

CHAN Lap Tak, Jeffrey has been an executive director and a responsible officer of the Investment Manager since 1993. Mr. Chan has over 20 years of experience in securities and investment industries. He is a Permanent Honorary President and immediate past Chairman of the Hong Kong Securities Association. He also serves as a member of the Advisory Committee of the SFC, the Securities and Futures Appeals Tribunal, Advisory

LETTER FROM THE BOARD

Committee of Investor Education Centre and the Banking Finance Industry Training Board of the Vocational Training Council. Mr. Chan holds a Bachelor of Commerce degree from the University of Queensland, Australia and a member of the Hong Kong Institute of Certified Public Accountants, CPA Australia and the Hong Kong Securities and Investment Institute. Mr. Chan is currently licensed as a responsible officer by the SFC for Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities.

The Investment Manager, which has been the investment manager of the Company since the listing of the Shares on the Stock Exchange in year 2003, is a connected person of the Company by virtue of Rule 14A.08 of the Listing Rules. Therefore, the proposed continuing transactions between the Company and the Investment Manager as contemplated under the New Investment Management Agreement shall constitute continuing connected transactions of the Company.

As certain applicable percentage ratios in respect of the Proposed Annual Caps is more than 5%, and the fixed management fee exceeds HK\$10,000,000 on an annual basis, the transactions contemplated under the New Investment Management Agreement therefore constitute non-exempt continuing connected transactions of the Listing Rules and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements.

Messrs Zhang Zhi Ping and Zhang Gaobo, being the executive Directors, are the indirect controlling shareholders of OPFSGL (a Shareholder) and OIL (a substantial Shareholder). In addition, the Investment Manager is an indirect wholly-owned subsidiary of OPFSGL. Therefore, both OPFSGL and OIL have a material interest in the New Investment Management Agreement and the transactions contemplated thereunder. Accordingly, OPFSGL, OIL and their respective associates (including Messrs Zhang Zhi Ping and Zhang Gaobo, and the Investment Manager) shall abstain from voting on the relevant resolution(s) approving the New Investment Management Agreement and the transactions contemplated thereunder at the EGM.

As at the Latest Practicable Date, OPFSGL, OIL and their respective associates in aggregate held 359,800,000 Shares, representing approximately 12.25% of the issued share capital of the Company. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save as disclosed above, none of the Shareholders will be required to abstain from voting at the EGM to consider, and if thought fit, approve the New Investment Management Agreement and the transactions contemplated thereunder.

4. POTENTIAL CONFLICTS OF INTEREST

Given the Investment Manager is wholly owned by OPFSGL, a company which is indirectly controlled by Messrs. Zhang Zhi Ping and Zhang Gaobo, the executive Directors, conflicts may arise in the allocation of investment opportunities identified by Messrs. Zhang Zhi Ping and Zhang Gaobo between the Company and the funds administered by the Investment Manager.

LETTER FROM THE BOARD

However, it should be noted that such conflicts of interest will rarely occur. The reasons are as follows:

1. As at the Latest Practicable Date, the Investment Manager did not provide investment management services to any company other than the Group; and
2. Messrs. Zhang Zhi Ping and Zhang Gaobo are merely investors of the Investment Manager. They are neither directors nor responsible officers of the Investment Manager and they do not participate in formulating investment strategies, monitoring investment performance and approving investment decisions of the Investment Manager.

Nonetheless, if such conflicts arise, Messrs. Zhang Zhi Ping and Zhang Gaobo shall present all identified investment opportunities to the Company and the Investment Manager on an equitable basis and abstain from voting on transactions where such conflicts arise.

Save as aforementioned, no other Director has a material interest in the New Investment Management Agreement.

5. EGM

The EGM will be convened and held at 27/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong at 10:50 a.m. on Tuesday, 28 August 2018 for the purpose of considering and, if thought fit, approving the New Investment Management Agreement, the transactions contemplated thereunder and the related annual caps.

A notice convening the EGM is set out on pages 36 to 37 of this circular. A form of proxy for use at the EGM is enclosed herewith. Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM (i.e., at or before 10:50 a.m. on Sunday, 26 August 2018 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the resolutions proposed at the EGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

6. RECOMMENDATION

The Directors consider that the continuing connected transactions under the New Investment Management Agreement and the related annual caps are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolutions in the terms as set out in the notice of the EGM.

LETTER FROM THE BOARD

7. ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out in pages 14 to 15 of this circular which contains its advice to the Independent Shareholders regarding the continuing connected transactions under the New Investment Management Agreement and the related annual caps, the letter from TC Capital set out in pages 16 to 28 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the continuing connected transactions under the New Investment Management Agreement and the related annual caps and the principal factors and reasons taken into consideration in arriving at its advice, and the additional information set out in the appendix to this circular.

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this supplemental circular misleading.

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,
For and on behalf of the Board
OP Financial Limited
Zhang Gaobo
Executive Director, Chairman & CEO



7 August 2018

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS NEW INVESTMENT MANAGEMENT AGREEMENT

We refer to the circular issued by the Company to its shareholders and dated 7 August 2018 (“**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the transactions contemplated under the New Investment Management Agreement constitute continuing connected transactions for the Company and are subject to the approval of the Independent Shareholders.

We have been appointed by the Board to consider the terms of the New Investment Management Agreement and the related annual caps and to advise the Independent Shareholders in connection with the continuing connected transactions as contemplated under the New Investment Management Agreement as to whether, in our opinion, the terms of the New Investment Management Agreement and the related annual caps are fair and reasonable and whether such continuing connected transactions are in the interests of the Company and its Shareholders as a whole. TC Capital has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from TC Capital as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, TC Capital as set out in its letter of advice, we consider that the respective terms and conditions of the New Investment Management Agreement and the related annual caps are fair and reasonable. We also consider that the continuing connected transactions as contemplated under the New Investment Management Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders to vote in

* For identification purpose only

LETTER FROM INDEPENDENT BOARD COMMITTEE

favour of the ordinary resolutions to approve the continuing connected transactions as contemplated under the New Investment Management Agreement and the related annual caps at the EGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

Mr. Kwong Che Keung, Gordon, Mr. Wang Xiaojun and Prof. He Jia

Independent non-executive Directors

LETTER FROM TC CAPITAL

Set out below is the text of a letter received from the IFA to the Independent Board Committee and the Independent Shareholders in respect of the New Investment Management Agreement and its respective annual caps for the purpose of inclusion in this circular.



7 August 2018

*The Independent Board Committee and the Independent Shareholders
OP Financial Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS NEW INVESTMENT MANAGEMENT AGREEMENT

INTRODUCTION

We refer to our appointment as the IFA to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the New Investment Management Agreement and the corresponding proposed annual caps (the **“Proposed Annual Caps”**), details of which are set out in the letter from the Board (the **“Letter from the Board”**) in the circular issued by the Company to the Shareholders dated 7 August 2018 (the **“Circular”**), of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise requires.

The Company is an investment company under Chapter 21 of the Listing Rules, with the mandate allowing the Group to invest globally in various assets, equity, debts, financial instruments, investment funds and partnerships, investment structures, businesses and special situations.

Reference is made to the announcement of the Company dated 3 March 2016 and the circular of the Company dated 25 April 2016 regarding the entering into of the Existing Investment Management Agreement between the Company and the Investment Manager for the provision of investment and management services for a period commencing from 1 June 2016 and ending on 31 March 2019 and the corresponding annual caps for each of the periods ended/ending 31 March 2019.

The Existing Investment Management Agreement is expiring on 31 March 2019. As it is expected that the continued provision of investment and management services by the Investment Manager would be required, on 18 July 2018, the Company and the Investment Manager entered into the New Investment Management Agreement, which is subject to the Independent Shareholders’ approval at the EGM. The New Investment Management

LETTER FROM TC CAPITAL

Agreement will replace the Existing Investment Management Agreement with effect from the Commencement Date and for a term until 31 March 2021.

As stated in the Letter from the Board, the Investment Manager, which has been the investment manager of the Company since the listing of the Shares on the Stock Exchange in 2003, is a connected person of the Company by virtue of Rule 14A.08 of the Listing Rules. Moreover, Messrs Zhang Zhi Ping and Zhang Gaobo, being the executive Directors, are the indirect controlling shareholders of OPFSG (a Shareholder) and OIL (a substantial Shareholder). In addition, the Investment Manager is an indirect wholly-owned subsidiary of OPFSG. Accordingly, the Investment Manager is regarded as a connected person of the Company and the proposed continuing transactions between the Company and the Investment Manager as contemplated under the New Investment Management Agreement shall constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios in respect of the Proposed Annual Caps is more than 5% and the fixed management fee exceeds HK\$10,000,000 on an annual basis, the transactions contemplated under the New Investment Management Agreement constitute non-exempt continuing connected transactions under the Listing Rules and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements.

We have been appointed by the Company to advise (i) the Independent Board Committee and the Independent Shareholders as to whether or not the New Investment Management Agreement is entered in the ordinary and usual course of business of the Company, the terms of the transactions contemplated under the New Investment Management Agreement are on normal commercial terms, fair and reasonable insofar as the Independent Shareholders are concerned and the transactions contemplated under the New Investment Management Agreement are in the interests of the Company and the Shareholders as a whole and the Proposed Annual Caps are fair and reasonable; and (ii) how the Independent Shareholders should vote in respect of the relevant resolution to approve the New Investment Management Agreement and the Proposed Annual Caps.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of us. In the last two years, we have acted as an independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to an occasion as detailed in the circular of the Company dated 8 May 2017. Given (i) our independent role in the abovementioned engagement; and (ii) our fees for the abovementioned engagement represented an insignificant percentage of our revenue, we consider that the abovementioned engagement would not affect our independence to form our opinion in respect of the New Investment Management Agreement.

BASIS OF OPINION

In putting forth our recommendation, we have relied on all relevant information, opinions and facts supplied and representations made to us by the Directors and the representatives of the Company. We have considered and reviewed, amongst other things, (i) the Existing Investment Management Agreement; (ii) the New Investment Management Agreement; (iii) the Company's annual report for the year ended 31 March 2018 (the "**2018 Annual Report**"); (iv) other information as set out in the Circular; and (v) relevant market data and information available from public sources.

We have assumed that all such information, opinions, facts and representations, which have been provided to us by the Directors and/or the representatives of the Company, for which they are fully responsible, are true, accurate and complete in all respects. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company. The Company has also confirmed to us that no material facts have been omitted from the information supplied and we have no reason to suspect that any material information has been withheld by the Company or is misleading.

We consider that we have sufficient information currently available to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided by the Directors and the representatives of the Company, nor have we conducted any independent investigation into the business, affairs, operations, financial position or future prospects of each of the Company, the Investment Manager and any of their respective subsidiaries and associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the New Investment Management Agreement and the Proposed Annual Caps, we have taken into account the following principal factors and reasons:

1 Background information of the New Investment Management Agreement

As stated in the Letter from the Board, the Company is an investment company under Chapter 21 of the Listing Rules, with the mandate allowing the Group to invest globally in various assets, equity, debts, financial instruments, investment funds and partnerships, investment structures, businesses and special situations. The Group aims to produce medium to long term shareholder returns through capital appreciation, trading profits, dividend and fixed income.

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Set out below are the audited consolidated financial information of the Group for the two years ended 31 March 2018 as extracted from the 2018 Annual Report:

	For the year ended 31 March	
	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	101,607	125,437
Profit for the year	188,060	143,420
	As at 31 March	
	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	3,036,148	6,149,840
Total liabilities	121,648	554,982
Net assets	2,914,500	5,594,858

As shown in the above table, the Group recorded revenue of approximately HK\$125,437,000 for the year ended 31 March 2018, representing an increase of approximately 23.5% when compared with the revenue of approximately HK\$101,607,000 for the year ended 31 March 2017. The increase of the revenue was mainly due to the increase in dividends received from listed investments and the interest and other income generated from the Group's debt instruments and term deposit in banks, which partially offset by the decrease in the call option premium in connection with the investment in an exchangeable bond. During the year ended 31 March 2018, the Group generated a profit of HK\$143,420,000, representing a decrease of approximately 23.7% when compared with the profit of approximately HK\$188,060,000 for the year ended 31 March 2017. The decrease was mainly due to the decrease in share results of investment in Treasure Up Ventures Limited, which offset the increase in the profit from the operations of the Group. As at 31 March 2018, the Group had total assets, total liabilities and net assets of approximately HK\$6,149,840,000, HK\$554,982,000 and HK\$5,594,858,000, respectively.

2 Reasons for entering into the New Investment Management Agreement

As stated in the Letter from the Board, the Company is an investment company under Chapter 21 of the Listing Rules, with the mandate allowing the Group to invest globally in various assets, equity, debts, financial instruments, investment funds and partnerships, investment structures, businesses and special situations.

The Group aims to produce medium to long term shareholder returns through capital appreciation, trading profits, dividend and fixed income.

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The Investment Manager is a corporation licensed to carry out regulated activities of dealing in securities, advising on corporate finance and asset management under the SFO. The Investment Manager has been appointed to act as the investment manager of the Company for more than 10 years since the listing of the Shares on the Stock Exchange on 20 March 2003.

The Board has taken into account, including but without limitation, the following factors when considering whether to continue to appoint the Investment Manager:

- the Investment Manager's possession of the required professional qualifications, expertise and experience in providing the relevant services;
- sustainability of the Investment Manager's business to provide the relevant services at a reasonable standard;
- the Investment Manager's ability to introduce new investment opportunities and investors to the Company;
- the long-term and cordial business relationship between the Investment Manager and the Company;
- the Investment Manager's in-depth understanding of the operations and business of the Company; and
- the historical performance of the Company's investments contributed by the Investment Manager.

Under the New Investment Management Agreement, the Investment Manager will charge the Company a fixed fee of HK\$1.15 million per month for its provision of investment and management services. Despite a fixed fee payment arrangement pursuant to the New Investment Management Agreement, the Board is of the view that the Investment Manager could still be incentivised to act in the best interest of the Company and to consistently generate higher return on its investment portfolio, as pursuant to the terms of the New Investment Management Agreement:

- (i) the Investment Manager undertakes to among others, monitor and keep under review the performance and status of the assets of the Group from time to time, based on information as may reasonably be available to it and provide the Board with any assistance in relation to the Company's investment as it may require;
- (ii) the Board may from time to time give written instructions and directions to the Investment Manager relating to the conduct of business by the Investment Manager on behalf of the Group, and the Investment Manager shall observe and comply with such instructions and directions given to it in writing from time to time by the Board;

- (iii) the Investment Manager covenants to use its best efforts to promote and maintain the reputation and interests of the Company; and
- (iv) should the Investment Manager persistently refuses to carry out any reasonable instructions given to it by the Company in the course of the performance of its duties, the Company shall be entitled to terminate the New Investment Management Agreement at any time and without compensation to the Investment Manager by giving written notice to the Investment Manager.

Having considered the above factors, the Board is of the view that it would be in the interests of the Company and the Shareholders as a whole to continue with the existing relationship with the Investment Manager. The transactions contemplated under the New Investment Management Agreement will continue to be conducted in the ordinary and usual course of business of the Group.

The Directors consider that the entering into of the New Investment Management Agreement is conducted in the ordinary and usual course of business of the Group and that the terms of the New Investment Management Agreement are determined after arm's length negotiation with the Investment Manager. Accordingly, the Directors are of the view that the terms of the New Investment Management Agreement and the Proposed Annual Caps are fair and reasonable, on normal commercial terms or better and that the entering into of the New Investment Management Agreement is in the interests of the Company and its Shareholders as a whole.

3 The New Investment Management Agreement

3.1 Principal terms

As stated in the Letter from the Board, except for the time period to be covered and adjustments to be made to the management fee payable to the Investment Manager by the Company, the terms of the Existing Investment Management Agreement and the New Investment Management Agreement are substantially the same in all material respects. Further details of the New Investment Management Agreement are set out in the paragraph headed "Principal terms of the New Investment Management Agreement" in the Letter from the Board.

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3.2 *Proposed Annual Caps*

The Proposed Annual Caps for the aggregate management fees payable by the Company to the Investment Manager under the New Investment Management Agreement for each of the three years ending 31 March 2021 as extracted from the Letter from the Board are set out below:

	Year ending 31 March		
	2019	2020	2021
	HK\$'000	HK\$'000	HK\$'000
The Proposed Annual Caps	13,800	13,800	13,800

Management fees

As stated in the Letter from the Board, in respect of the services provided by the Investment Manager under the New Investment Management Agreement for each calendar month, the Company shall pay the Investment Manager a monthly fee payable in Hong Kong dollars in arrears on or before the seventh Business Day of the immediately following calendar month at HK\$1,150,000 per month.

For a period less than a month, the amount of such fee shall be calculated in proportion to the number of days on the basis of a calendar month of 30 days.

As advised by the management of the Company, the Proposed Annual Caps were determined with reference to the terms of the Existing Investment Management Agreement and the New Investment Management Agreement, the change of capital and assets, the increase of human resources and those charged by investment managers of other investment companies listed on the Main Board of the Stock Exchange. Moreover, the Company now has built up its own experience and resources in terms of deal scouring, evaluation, execution and monitoring capability thus reducing its dependency on the Investment Manager.

For the purpose of comparison, we have identified 8 companies listed on the Stock Exchange (the “**Comparables**”) which appear to be investment companies listed on the Stock Exchange pursuant to Chapter 21 of the Listing Rules and have published information regarding their investment management fees that are comparable to that under the New Investment Management Agreement (i.e. fixed management fee). In the course of our research, we have also identified 15 other companies which appear to be Chapter 21 investment companies and (i) only have a management fee charged at a certain

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percentage of the net asset value with no performance/incentive fee; (ii) have a fixed management fee and a performance fee subject to high watermark mechanism; (iii) have a management fee charged at a certain percentage of the net asset value and a performance fee subject to high watermark mechanism; (iv) have a fixed management fee and a performance fee based on annual net profit; (v) have a management fee charged at a certain percentage of the net asset value and a performance fee based on annual net profit; (vi) have a management fee charged at a certain percentage of the market value of the portfolio; and (vii) appear to have not publicly disclosed the amount or basis of investment management fee. We have not included such investment companies in our analysis as (i) the basis of investment management fee of these investment companies is not directly comparable to the New Investment Management Agreement which is charged at a fixed amount of management fee without performance/incentive fee; or (ii) the relevant information is not available to us.

We consider that the Comparables, which have fixed management fee arrangement with investment managers similar to that of the New Investment Management Agreement, are appropriate samples and the analysis of which could provide a general reference for the fairness and reasonableness of the management fee under the New Investment Management Agreement. Details of the Comparables as extracted from the information disclosed in the relevant announcements and/or annual reports are summarised as below:

Name of listed company (stock code)	Announcement date	Management fee	Net asset value	Full year
			from the latest published interim/annual results announcement/ report (HK\$'000)	management fee paid to the respective investment manager as a percentage to net asset value
Unity Investments Holdings Limited (913)	6 January 2015	HK\$600,000 per annum	458,761	0.13%
China Internet Investment Finance Holdings Limited (810)	3 June 2015	HK\$50,000 per month	182,075	0.33%
National Investments Fund Limited (1227)	N/A (Note 1)	HK\$55,000 per month	(47,443)	N/A (Note 2)

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Name of listed company (stock code)	Announcement date	Management fee	Net asset value	Full year
			from the latest published interim/annual results announcement/ report (HK\$'000)	management fee paid to the respective investment manager as a percentage to net asset value
China New Economy Fund Limited (80)	30 December 2016	HK\$960,000 per annum	118,180	0.81%
China Investment Fund International Holdings Limited (612)	4 July 2017	HK\$220,000 per month; and with reimbursement for expenses incurred in relation to the performance of the duties of the investment manager up to a maximum amount of HK\$200,000 per annum	45,549	6.24% (Note 3)
China Development Bank International Investment Limited (1062)	31 August 2017	HK\$350,000 per annum	1,487,669	0.02%
Capital VC Limited (2324)	29 December 2017	HK\$600,000 per annum	857,847	0.07%
Core Economy Investment Group Limited (339)	11 May 2018	HK\$60,000 per month	42,273	1.70%
			Minimum	0.02%
			Maximum	1.70%
			Average	0.51%
The Company (1140)		HK\$1,150,000 per month	5,594,858	0.25%

Source: The website of the Stock Exchange (<http://www.hkexnews.hk>)

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Notes:

1. Information is extracted from the annual report of National Investments Fund Limited for the year ended 31 December 2017 which was published on the website of the Stock Exchange on 30 April 2018.
2. Given that National Investment Fund Limited has net liabilities, it is not applicable to compute the percentage of the full year management fee paid to the investment manager to the net asset value.
3. As the percentage of the full year management fee and related expenses reimbursement paid to the investment manager to the net asset value of China Investment Fund International Holdings Limited is notably higher than the rest of the Comparables, such percentage was excluded from the analysis.

We have reviewed and compared the fixed management fee arrangement with the Comparables, as noted from the latest published annual or interim announcements/reports of the Comparables, the management fees given to their respective investment managers, which are converted as percentage of the respective net asset value, range from approximately 0.02% to 1.70% with an average of approximately 0.51%. We noted that the revised management fee structure in the New Investment Management Agreement is normal and the fixed management fee of HK\$1,150,000 per month or HK\$13,800,000 per annum payable by the Company to the Investment Manager, representing 0.25% of the Group's net asset value as at 31 March 2018, is within the range and below the average of the management fee charged by the Comparables.

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Apart from the above analysis, we did not conduct any comparative analysis with companies other than those investment companies listed on the Stock Exchange pursuant to Chapter 21 of the Listing Rules. As we noted that their business, activities and disclosure are not bounded by Chapter 21 of the Listing Rules, comparison between them and the Company is irrelevant.

We have also reviewed the approved annual caps for the term from 1 June 2016 to 31 March 2017 and each of the two years ended/ending 31 March 2019 under the Existing Investment Management Agreement (the “**Approved Annual Caps**”) and the utilisation of the Approved Annual Caps for the term from 1 June 2016 to 31 March 2017 and the year ended 31 March 2018, the information are illustrated as follow:

	From 1 June 2016 to 31 March 2017 <i>HK\$'000</i>	Year ended/ending 31 March 2018 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Approved Annual Caps:			
Management fee	71,000	106,000	158,000
Performance fee	—	28,000	141,000
Total	71,000	134,000	299,000
		Year ended 31 March	
		2017	2018
		<i>HK\$'000</i>	<i>HK\$'000</i>
Utilisation:			
Management fee		41,158	55,866
Performance fee		—	—
		<i>(Note 1)</i>	<i>(Note 2)</i>
Total		41,158	55,866

Notes:

1. The Investment Manager was not entitled to any performance fee for the year ended 31 March 2017 as the net asset value per Share calculated on the performance fee valuation day is lower than the high watermark under the Existing Investment Management Agreement.
2. The performance fee for the year ended 31 March 2018 was waived after the negotiation between the Company and the Investment Manager.

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The historical aggregate amount of fees paid by the Company to the Investment Manager under the Existing Investment Management Agreement for the two years ended 31 March 2018 represented approximately 58.0% and 41.7% of the Approved Annual Caps for the corresponding year, while the Investment Manager was not paid any performance fees for the two years ended 31 March 2018.

The management of the Company advised us that the relatively low utilisation of the Approved Annual Caps was mainly because the net asset value of the Group did not increase as fast as the Approved Annual Caps as per the Existing Investment Management Agreement which were estimated based on the assumption that the net asset value would continue to grow during the previous periods and the performance fee for the year ended 31 March 2018 was waived. Under the New Investment Management Agreement, a fixed management fee is adopted and the determination of the Proposed Annual Caps for the management fee is based on the agreed fixed fee in which it is expected that there will not be a substantial difference between the Proposed Annual Caps and the actual management fee in the future.

As discussed with the Directors, there is a substantial decrease in management fee payable to the Investment Manager under the New Investment Management Agreement when comparing with the historical transaction amount between the Company and the Investment Manager under the Existing Investment Management Agreement. We further understand from the Directors that the management fee is typically charged by the Investment Manager for the purpose of maintaining its operations, such as staff cost and administration cost arising from managing the Company's investments. As advised by the Directors, the Company has built up its own experience and resources in terms of scouring, evaluation, execution and monitoring capability thus reducing its dependency on the Investment Manager. We also noted that the total staff costs of the Group had significantly increased by approximately 69.5% during the year ended 31 March 2018. As stated in the 2018 Annual Report, the Group had 46 employees with total staff costs of approximately HK\$66.11 million for the year ended 31 March 2018 when compared to 39 employees with total staff costs of approximately HK\$39.00 million for the year ended 31 March 2017. In consideration of the workload transferred from the Investment Manager to the Company, the Company considered that the reduced management fee would appropriately reflect the reduced efforts of the Investment Manager.

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Having considered that (i) the remuneration package of fixed management fee without performance fee to the Investment Manager is normal to the market practice; (ii) the investment management fee under the New Investment Management Agreement is within the range and below the average of the Comparables; and (iii) less dependency on the Investment Manager, we are of the view that the Proposed Annual Caps under the New Investment Management Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the view that the New Investment Management Agreement is entered in the ordinary and usual course of business of the Company, the terms of the transactions under the New Investment Management Agreement are on normal commercial terms, fair and reasonable insofar as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and the Proposed Annual Caps are fair and reasonable. Accordingly, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the ordinary resolution in this regard.

Yours faithfully,

For and on behalf of

TC Capital International Limited

Edward Wu

Chairman

Stanley Chung

Managing Director

Note: Mr. Edward Wu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since 2005. Mr. Stanley Chung has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since 2006. Both Mr. Wu and Mr. Chung have participated in and completed various advisory transactions in respect of connected transactions of listed companies in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Company/ name of associated corporation	Capacity/ nature of interest	Number and class of securities held (note 1)	Percentage of relevant class of issued share capital of the Company/ associated corporation (note 2)
Mr. Zhang Zhi Ping	The Company	Interest of a controlled corporation	359,800,000 Shares (L) (notes 3 and 4)	12.25
Mr. Zhang Gaobo	The Company	Interest of a controlled corporation	359,800,000 Shares (L) (notes 3 and 4)	12.25
Dr. Wu Zhong	The Company	Beneficial owner	10,000,000 Shares (L) (note 5)	0.34
Mr. Zhang Weidong	The Company	Beneficial owner	7,000,000 Shares (L) (note 6)	0.24

Notes:

1. The letter "L" represents the Director's interests in the shares and underlying shares of the Company or its associated corporation.
2. The percentage of shareholding was calculated on the basis of the Company's issued share capital of 2,937,696,000 Shares as at the Latest Practicable Date.

3. This represented 330,000,000 Shares held by OIL and 29,800,000 Shares held by OPFSGSL.
4. OIL is a wholly owned subsidiary of OPFGL, while 95% of the issued share capital of OPFSGSL is owned by OPFGL. The entire issued share capital of OPFGL is beneficially owned as to 51% by Mr. Zhang Zhi Ping and 49% by Mr. Zhang Gaobo. By virtue of the SFO, each of Mr. Zhang Zhi Ping and Mr. Zhang Gaobo is deemed to be interested in the shares and underlying shares of the Company held by OIL and OPFSGSL.
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.
6. These Shares are underlying shares comprised in the options granted to Mr. Zhang Weidong pursuant to the share option scheme of the Company adopted on 17 May 2016.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Save for Mr. Zhang Zhi Ping and Mr. Zhang Gaobo, being the executive Directors, by virtue of their capacity as directors of OPFGL and interests in the shares of OPFGL, none of the Directors had any interest, direct or indirect, in any assets which have been since 31 March 2018, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group as at the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Zhang Zhi Ping and Mr. Zhang Gaobo, being the executive Directors, are the indirect controlling shareholders of OPFSGSL (being the parent company of the Investment Manager holding its entire issued share capital). Hence, Mr. Zhang Zhi Ping and Mr. Zhang Gaobo were materially interested in the Existing Investment Management Agreement and the New Investment Management Agreement, and they had abstained from voting on the relevant board resolution(s) approving, among other matters, the New Investment Management Agreement and the transactions contemplated thereunder.

Reference is also made to the circular of the Company dated 8 May 2017, in relation to the entering into of a licence agreement (the “**Licence Agreement**”) by OPMSL as the licensor and OPISL as the licensee for the provision of the office premises by OPMSL to the Group for use. As Mr. Zhang Zhi Ping and Mr. Zhang Gaobo are interested in the issued share capital of OPFGL and are directors of OPFGL, they are considered to have material interest in the Licence Agreement.

Save as the aforesaid, none of the Directors was materially interested in any contract or arrangement subsisting as at the date thereof and which was significant in relation to the business of the Group as at the Latest Practicable Date.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Directors or chief executive of the Company, the persons (other than a Director or chief executive of the Company); (a) who had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (b) who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company or any other members of the Group, were as follows:

Name of Shareholder	Capacity/nature of interest	Number of Shares held (note 1)	Interests under equity derivatives	Percentage of the Company's issued share capital (note 2)
OPFGL	Interest of a controlled corporation	359,800,000 Shares (L) (note 3)	–	12.25
Dr. Liu Zhiwei	Beneficial owner and interest of a controlled corporation	354,706,000 Shares (L) (note 4)	–	12.07
OIL	Beneficial owner	330,000,000 Shares (L) (note 3)	–	11.23
Bright Victory International Limited ("Bright Victory")	Interest of a controlled corporation	290,000,000 Shares (L) (note 5)	–	9.87
FTL Asia Holdings Limited ("FTL")	Interest of a controlled corporation	290,000,000 Shares (L) (note 5)	–	9.87
FTLife Insurance Company Limited ("FTLife")	Beneficial owner	290,000,000 Shares (L) (note 5)	–	9.87
Tongchuang Jiuding Investment Holding Co. Ltd. ("TJIH")	Interest of a controlled corporation	290,000,000 Shares (L) (note 5)	–	9.87
Tongchuangjiuding Investment Management Group Co., Ltd. ("TIMG")	Interest of a controlled corporation	290,000,000 Shares (L) (note 5)	–	9.87
Mr. Wu Gang	Interest of a controlled corporation	290,000,000 Shares (L) (note 5)	–	9.87

Name of Shareholder	Capacity/nature of interest	Number of Shares held (note 1)	Interests under equity derivatives	Percentage of the Company's issued share capital (note 2)
Mr. Fu Jianping	Interest of a controlled corporation	263,000,000 Shares (L) (note 6)	–	8.95
Full House Investment Limited	Beneficial owner	263,000,000 Shares (L) (note 6)	–	8.95
Mr. He Zhiping	Interest of a controlled corporation	263,000,000 Shares (L) (note 7)	–	8.95
Wah Hing Global Investment Limited	Beneficial owner	263,000,000 Shares (L) (note 7)	–	8.95
Magopt Ltd.	Beneficial owner	–	202,553,560 Shares (L) (note 8)	6.90
Bestone Asset Management Co., Ltd ("Bestone Asset Management")	Beneficial owner	169,720,000 Shares (L) (note 9)	–	5.78
21st Century Champion Limited ("21st Century Champion")	Interest of a controlled corporation	169,720,000 Shares (L) (note 9)	–	5.78
Ms. Wang Juan	Interest of a controlled corporation	169,720,000 Shares (L) (note 9)	–	5.78
Caitong Funds SPC (for and on behalf of Bestone Greater China Fund SP)	Beneficial owner	169,068,000 Shares (L) (note 10)	–	5.76
Caitong Securities Co., Limited ("Caitong Securities")	Interest of a controlled corporation	169,068,000 Shares (L) (note 10)	–	5.76
Ministry of Finance of Zhejiang Province, the People's Republic of China (中華人民共和國浙江省財政廳) ("Zhejiang MOF")	Interest of a controlled corporation	169,068,000 Shares (L) (note 10)	–	5.76

Name of Shareholder	Capacity/nature of interest	Number of Shares held (note 1)	Interests under equity derivatives	Percentage of the Company's issued share capital (note 2)
Zhejiang Province Finance Development Company* (浙江省財務開發公司) ("Zhejiang FDC")	Interest of a controlled corporation	169,068,000 Shares (L) (note 10)	–	5.76
Grand Link Finance Limited ("GLFL")	Beneficial owner	166,188,000 Shares (L) (note 11)	–	5.66
Mr. Wang Delian	Interest of a controlled corporation	166,188,000 Shares (L) (note 11)	–	5.66
Ms. Yang Fuyi	Beneficial owner	165,962,500 Shares (L)	–	5.65

Notes:

1. The letter "L" denotes the Shareholders' long position in the Shares of the Company and/or the relevant associated corporations.
2. The percentage of shareholding was calculated on the basis of the Company's issued share capital of 2,937,696,000 Shares as at the Latest Practicable Date.
3. This represented an aggregate of 330,000,000 Shares held by OIL and 29,800,000 Shares held by OPFSG. OIL 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 OIL and OPFSG.
4. This represented 314,306,000 Shares held by Dr. Liu Zhiwei, and 40,400,000 Shares held by AI International Capital Management Ltd, which is wholly owned by Dr. Liu Zhiwei. By virtue of the SFO, Dr. Liu Zhiwei is deemed to be interested in the Shares held by AI International Capital Management Ltd.
5. This represented 290,000,000 Shares held by FTLife. FTLife is a wholly owned subsidiary of Bright Victory, which is wholly owned by FTL. FTL is a wholly owned subsidiary of TIMG, and 46.19% of the equity interests of TIMG is owned by TJIH. 35% of the equity interests of TJIH is held by Mr. Wu Gang. By virtue of the SFO, each of Mr. Wu Gang, TJIH, TIMG, FTL and Bright Victory is deemed to be interested in the Shares and underlying Shares of the Company held by FTLife.
6. This represented 263,000,000 Shares held by Full House Investment Limited, which is wholly owned by Mr. Fu Jianping. By virtue of the SFO, Mr. Fu Jianping is deemed to be interested in the Shares held by Full House Investment Limited.
7. This represented 263,000,000 Shares held by Wah Hing Global Investment Limited, which is wholly owned by Mr. He Zhiping. By virtue of the SFO, Mr. He Zhiping is deemed to be interested in the Shares held by Wah Hing Global Investment Limited.

8. 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.
9. This represented 169,720,000 Shares held by Bestone Asset Management. Ms. Wang Juan owns 100% of the issued share capital in 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 Juan and 21st Century Champion is deemed to be interested in the Shares held by Bestone Asset Management.
10. This represented 169,068,000 Shares held by Caitong Funds SPC, which is indirectly wholly owned by Caitong Securities. 36.60% of the equity interests of Caitong Securities is held by Zhejiang Finance Holding Company Ltd. (浙江省金融控股有限公司), which is wholly owned by Zhejiang FDC. Zhejiang FDC is controlled by Zhejiang MOF. By virtue of the SFO, each of Zhejiang MOF, Zhejiang FDC and Caitong Securities is deemed to be interested in the Shares held by Caitong Funds SPC (for and on behalf of Bestone Greater China Fund).
11. This represented 166,188,000 Shares held by GLFL. Mr. Wang Delian owns 100% of the issued share capital in GLFL. By virtue of the SFO, Mr. Wang Delian is deemed to be interested in the Shares held by GLFL.

Save as disclosed herein, there was no person known to any Directors or chief executive of the Company, who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company or any other member of the Group.

4. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which was not determinable by the Company or the relevant member of the Group within one year without payment of compensation other than statutory compensation.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2018, being the date to which the latest published audited financial statements of the Group were made up.

6. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group which would otherwise be required to be disclosed under Rule 8.10 of the Listing Rules.

7. QUALIFICATION AND CONSENT OF EXPERT

The following are the qualifications of the expert who has given opinion or advice contained in this circular:

Name	Qualification
TC Capital International Limited	a licensed corporation permitted to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

TC Capital has given and has not withdrawn its written consent to the issue of this circular with the reference to its name and its letter in the form and context in which it appears.

As at the Latest Practicable Date, TC Capital was not beneficially interested in any share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and did not have any direct or indirect interest in any assets which since 31 March 2018, being the date to which the latest published audited financial statements of the Group were made up, had been acquired or disposed of by or leased, or was proposed to be acquired or disposed of by, or leased to any member of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of (i) the New Investment Management Agreement; (ii) the Existing Investment Management Agreement; (iii) the letter from TC Capital; (iv) the written consent from TC Capital and (v) the Licence Agreement will be available for inspection during normal business hours from 10:00 a.m. to 5:00 p.m. (except Saturdays and public holidays) at the principal place of business of the Company in Hong Kong at 27th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong from date of this circular up to and including the date of the EGM.

9. MISCELLANEOUS

- (a) The registered office of the Company is located at P.O. Box 309 GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is at 27th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular shall prevail over its Chinese text.



OP FINANCIAL LIMITED

東英金融有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1140)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of OP Financial Limited ("**Company**", and together with its subsidiaries, the "**Group**") will be held at 27/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong at 10:50 a.m. on Tuesday, 28 August 2018 to consider, if though fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **"THAT** the agreement ("**New Investment Management Agreement**") entered into between OP Financial Limited and Oriental Patron Asia Limited dated 18 July 2018 in respect of the provision of investment and management services by Oriental Patron Asia Limited 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 (a copy of which has been produced to the meeting marked "A" and signed by the chairman of the meeting for the purpose of identification), the expected annual caps of HK\$13.8 million, HK\$13.8 million and HK\$13.8 million for each of the three years ending 31 March 2021, respectively, and the transactions contemplated under the New Investment Management Agreement, be and are hereby approved and that the directors of the Company be and are hereby authorised to take any action and sign any document (under seal, if necessary) as they consider necessary, desirable or expedient in connection with the New Investment Management Agreement or the transactions contemplated thereby."

By order of the Board

OP Financial Limited

Zhang Gaobo

Executive Director, Chairman & CEO

Hong Kong, 7 August 2018

* *For identification purpose only*

NOTICE OF EGM

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

*Head office and principal place of
business in Hong Kong:*
27th Floor, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the meeting above is entitled to appoint in written form one or, if he is the holder of two or more shares (the “**Shares**”) of the Company, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the above meeting, whether in person or by proxy, then one of the said persons so present whose name stands first on the register in respect of such Shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised, and must be deposited with the Company’s branch share registrar in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before the time fixed for holding of the meeting (i.e. at or before 10:50 a.m. on Sunday, 26 August 2018 (Hong Kong time)) or any adjournment thereof.
4. Delivery of an instrument appointing a proxy will not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy will be deemed to be revoked.
5. The record date for determining shareholder’s right to attend and vote at the above meeting is Wednesday, 22 August 2018. In order to qualify for attending the above meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 22 August 2018.
6. This notice has been printed in English and Chinese. In the event of any inconsistency, the English text of this notice shall prevail over its Chinese text.

As at the date of this notice, the board of directors of the Company comprises three executive Directors, namely, Mr. Zhang Zhi Ping, Mr. Zhang Gaobo and Mr. Zhang Weidong; three non-executive Directors, namely Dr. Wu Zhong, Mr. Chen Yuming and Dr. Fu Weigang; and three independent non-executive Directors, namely, Mr. Kwong Che Keung, Gordon, Mr. Wang Xiaojun and Professor He Jia.