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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)

CONTINUING CONNECTED TRANSACTIONS NEW LICENCE AGREEMENT

NEW LICENCE AGREEMENT

Reference is made to the announcements of the Company dated 25 November 2016 and 3 March 2016 in relation to among others, the Existing Licence Agreement.

The Existing Licence Agreement expired on 31 March 2017. As the Group has been using the Premises as its principal place of business in Hong Kong, it is expected that the continued provision of Premises by OPMSL to the Group for use would be required. As such, OPISL entered into the New Licence Agreement with OPMSL on 11 April 2017, pursuant to which OPMSL has conditionally agreed to provide to the Group the Premises for use for the licence term from 1 April 2017 to 31 March 2020.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, OPMSL is an indirect subsidiary of OPFGL which controls 18.96% in the issued share capital of the Company. Each of Mr. Zhang Zhi Ping and Mr. Zhang Gaobo, being the Directors, is also a director and owned as to 51% and 49% of the issued capital of OPFGL respectively. Accordingly, the transactions contemplated under the New Licence Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the annual caps under the New Licence Agreement for each of the three years ending 31 March 2020 are expected to represent more than 25% of one or more of the applicable percentage ratios under the Listing Rules, the continuing connected transactions under the New Licence Agreement and the annual caps therefor are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of the foregoing, the Company will seek to obtain the approval of the Independent Shareholders on the continuing connected transactions under the New Licence Agreement and the related annual caps at the EGM.

GENERAL

An EGM will be convened and held for, among others, the Independent Shareholders to consider and, if thought fit, to approve the New Licence Agreement and the related annual caps for the three years ending 31 March 2020.

The Company has appointed TC Capital International Limited as the IFA for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the New Licence Agreement.

A circular including, among other information, (i) a letter from the Board containing further information on the continuing connected transactions under the New Licence Agreement and the related annual caps; (ii) a letter from the IFA containing its advice in connection with the aforesaid; (iii) recommendations of the Independent Board Committee to the Independent Shareholders; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 8 May 2017.

NEW LICENCE AGREEMENT

Reference is made to the announcements of the Company dated 25 November 2016 and 3 March 2016 in relation to among others, the Existing Licence Agreement.

The Existing Licence Agreement expired on 31 March 2017. As the Group has been using the Premises as its principal place of business in Hong Kong, it is expected that the continued provision of the Premises by OPMSL to the Group for use would be required. As such, OPISL entered into the New Licence Agreement with OPMSL on 11 April 2017, pursuant to which OPMSL has conditionally agreed to provide to the Group the Premises for use for the licence term from 1 April 2017 to 31 March 2020.

Principal terms of the New Licence Agreement

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

Parties:	(i) OPMSL, as the licensor; and (ii) OPISL, as the licensee
Premises:	A portion of the whole of the 27th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.
Use of Premises:	Office.
Saleable Area of Premises:	Approximately 4,755 square feet.

Licence term:	From 1 April 2017 to 31 March 2020
Licence Fee:	<p>Licence Fee payable by OPISL in cash (inclusive of government rent, rates, management fees, air-conditioning charges, electricity charges and all other outgoings payable by OPMSL under the Tenancy Agreement):</p> <ul style="list-style-type: none"> i) for the year ending 31 March 2018 is HK\$746,535 per month; ii) for the year ending 31 March 2019 is HK\$756,520 per month; and iii) for the year ending 31 March 2020 is HK\$767,504 per month.
Condition:	The approval by the Independent Shareholders being obtained in respect of the continuing connected transactions under the New Licence Agreement and the related annual caps
Termination:	<p>The New Licence Agreement shall be terminated upon the happening of any of the following events:</p> <ul style="list-style-type: none"> (i) the expiry of the term of the New Licence Agreement; (ii) the expiry or early termination of the tenancy pursuant to the Tenancy Agreement; or (iii) OPMSL serving 7 days' written on OPISL to terminate the New Licence Agreement in the event that the Licence Fee or any other sum payable under the New Licence Agreement is unpaid for 15 days after becoming due (whether formally demanded or not) or in the event that there shall be any breach of the New Licence Agreement committed by OPISL.
Indemnity:	OPISL undertakes to keep OPMSL fully indemnified from and against all damage loss and injury of every description which may occur to or affect OPMSL or any other person(s) or his or their property arising from or through the exercise of the rights granted or the non-observance or non-performance of any of the terms and conditions herein by OPISL save where such damage loss or injury is caused by the act or omission on the part of OPMSL or his agents or employees.

Proposed annual caps

The Directors expect that the aggregate fees payable by OPISL to OPMSL pursuant to the New Licence Agreement for each of the three years ending 31 March 2020 will not exceed HK\$9.0 million, HK\$9.1 million and HK\$9.3 million, respectively.

The proposed annual caps for each of the three years ending 31 March 2020 are determined by the Directors by reference to the Licence Fee, which is determined by OPISL and OPMSL after arm's length negotiations with reference to (i) the saleable area of the Premises occupied by the Group; and (ii) the prevailing market rentals for comparable properties in the vicinity of the Premises.

Reasons for and benefits of entering into the New Licence Agreement

The Existing Licence Agreement expired on 31 March 2017. As the Group has been using the Premises as its principal place of business in Hong Kong, and the saleable area of the Premises occupied by the Group is commercially necessary to the Group to cater for the increased business needs of the Group, it is expected that the continued provision of use of Premises by OPMSL to the Group would be required.

Since the expiry of the Existing Licence Agreement and up to the date of this announcement, as an interim arrangement between the Group and OPMSL pending approval of the New Licence Agreement by the Shareholders at the EGM, OPMSL has granted a license fee-free, license-at-will to the Group pursuant to which the Group can continue to use the Premises for free until such licence is terminated at any time by either party. There is no assurance that the Group will be able to continue to use the Premises unless the Group enters into the New Licence Agreement with OPMSL.

The terms and conditions of the New Licence Agreement were negotiated between the parties to it on an arm's length basis. The executive Directors are of the view that the terms and conditions of the New Licence Agreement are on normal commercial terms that are fair and reasonable and the continuing connected transactions contemplated under the New Licence Agreement will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

The executive Directors are also of the view that the proposed annual monetary caps for the continuing connected transactions contemplated under the New Licence Agreement for each of the three years ending 31 March 2020 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, OPMSL is an indirect subsidiary of OPFGL which controls 18.96% in the issued share capital of the Company. Each of Mr. Zhang Zhi Ping and Mr. Zhang Gaobo, being the Directors, is also a director and owned as to 51% and 49% of the issued capital of OPFGL respectively. Accordingly, the transactions contemplated under the New Licence Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the annual caps under the New Licence Agreement for each of the three years ending 31 March 2020 are expected to represent more than 25% of one or more of the applicable percentage ratios under the Listing Rules, the continuing connected transactions under the New Licence Agreement and the annual caps therefor are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of the foregoing, the Company will seek to obtain the approval of the Independent Shareholders on the continuing connected transactions under the New Licence Agreement and the related annual caps at the EGM. OPFSG, OIL and its associates, and any Shareholders who are materially interested in the continuing connected transactions under the New Licence Agreement are required to abstain from voting on the respective resolutions proposed to be passed at the EGM for approving the continuing connected transactions under the New Licence Agreement and the related annual caps.

The Company has appointed TC Capital International Limited as the IFA to advise the Independent Board Committee and the Independent Shareholders as to whether the continuing connected transactions under the New Licence Agreement and the related annual caps are fair and reasonable, whether the continuing connected transactions under the New Licence Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM.

The Company will establish the Independent Board Committee to advise the Independent Shareholders as to whether the continuing connected transactions under the New Licence Agreement and the related annual caps are fair and reasonable, whether the continuing connected transactions under the New Licence Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the IFA.

Mr. Zhang Zhi Ping and Mr. Zhang Gaobo, being the executive Directors, are interested in the issued share capital of OPFGL and are directors of OPFGL. As such, both Mr. Zhang Zhi Ping and Mr. Zhang Gaobo are considered to have material interests in the New Licence Agreement and have abstained from voting on the Board resolutions approving the New Licence Agreement. Other than Mr. Zhang Zhi Ping and Mr. Zhang Gaobo, no Director has a material interest in the New Licence Agreement.

GENERAL

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 principal business activities of OPMSL are to render supply of general administrative and staff services to its group companies and affiliates.

An EGM will be convened and held for, among others, the Independent Shareholders to consider and, if thought fit, to approve the New Licence Agreement and the related annual caps for the three years ending 31 March 2020.

A circular including, among other information, (i) a letter from the Board containing further information on the continuing connected transactions contemplated under the New Licence Agreement and the related annual caps; (ii) a letter from the IFA containing its advice in connection with the aforesaid; (iii) recommendations of the Independent Board Committee to the Independent Shareholders; and (iv) a notice convening the EGM and the proxy form, will be despatched to the Shareholders on or before 8 May 2017.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	the board of Directors
“Company”	OP Financial Investments 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 for, among others, considering, and if thought fit, approval by the Independent Shareholders of the continuing connected transactions contemplated under the New Licence Agreement and the related annual caps for the three years ending 31 March 2020
“Existing Licence Agreement”	the licence agreement dated 3 March 2016 and an extension letter dated 1 December 2016 entered into between OPISL as licensee and OPMSL as licensor in respect of the licensing of the Premises for the term commencing from 1 April 2016 and ended on 31 March 2017
“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

“IFA”	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 Securities and Futures Ordinance, being 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 Licence Agreement
“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 Licence Agreement and the related annual caps
“Independent Shareholders”	Shareholder(s) other than OPFSGL, OIL and its associates, and all other Shareholders interested in the New Licence Agreement
“Independent Third Party(ies)”	third party or parties and who and whose ultimate beneficial owner(s) are independent of the Company and connected persons (as defined under the Listing Rules) of the Company
“Licence Fee”	the licence fee payable by OPISL to OPMSL under the New Licence Agreement for the three years ending 31 March 2020
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“New Licence Agreement”	the agreement entered into between OPISL as licensee and OPMSL as licensor dated 11 April 2017 in respect of the licensing of the Premises for the licence term from 1 April 2017 to 31 March 2020
“OIL”	Ottness Investments Limited, a company incorporated in the British Virgin Islands with limited liability, a substantial Shareholder holding 330,000,000 Shares representing approximately 17.39% of the issued share capital of the Company as at the date of this announcement
“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 1.57% of the issued share capital of the Company as at the date of this announcement
“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 the Hong Kong with limited liability, a wholly owned subsidiary of OPFGL
“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
“Tenancy Agreement”	the tenancy agreement dated 30 June 2016 entered into between an Independent Third Party as landlord and OPMSL as tenant in respect of the leasing of the whole of the 27th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong for the term commencing from 1 December 2016 and ending on 30 November 2019 and any extension thereof
“%”	per cent.

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

Hong Kong, 11 April 2017

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Zhang Zhi Ping, Mr. Zhang Gaobo, Dr. Liu Zhiwei and Mr. Zhang Weidong; a non-executive Director, namely, Dr. Wu Zhong; and three independent non-executive Directors, namely, Mr. Kwong Che Keung, Gordon, Professor He Jia and Mr. Wang Xiaojun.

* *For identification purpose only*