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华科资本
WEALTHKING INVESTMENTS

WEALTHKING INVESTMENTS LIMITED

華科資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1140)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

RESULTS

The board of directors (the “Board” or the “Directors”) of Wealthking Investments Limited (“Wealthking Investments” or the “Company”) and its subsidiaries (collectively referred to as the “Group”) hereby presents the audited consolidated results of the Group for the financial year ended 31 March 2022 (the “Year”) together with comparative figures for the last financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Note</i>	2022 HK\$'000	2021 HK\$'000
Turnover	3	271,503	624,258
Revenue	3	93,929	110,522
Other income		1,302	1,885
Net change in unrealised (loss)/gain on investments at fair value through profit or loss arising from			
— listed investments		(135,915)	242,953
— unlisted investments		(130,465)	562
		(266,380)	243,515
Net realised gain/(loss) on disposal/distribution of investments arising from			
— listed investments		5,197	(94,534)
— unlisted investments		95	(24,159)
		5,292	(118,693)

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

For the year ended 31 March 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Net change in unrealised gain on financial liabilities at fair value through profit or loss		2,011	3,018
Realised loss on financial liabilities at fair value through profit or loss		—	(20,930)
Gain on disposal of an associate		—	20,546
Reversal of provision for expected credit losses		460,367	74,709
Operating and administrative expenses		(49,476)	(62,136)
Operating profit		247,045	252,436
Finance costs		(34,563)	(25,045)
Share of profits of associates and joint venture		4,678	149,278
Profit before tax		217,160	376,669
Income tax credit/(expense)	5	4,113	(4,113)
Profit for the year attributable to owners of the Company	6	221,273	372,556
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		35,082	36,982
Share of associates'			
— Surplus reserve		—	(50)
— Exchange differences on translating foreign operations		1,241	517
Other comprehensive income for the year, net of income tax		36,323	37,449
Total comprehensive income for the year attributable to owners of the Company		257,596	410,005
Earnings per share (HK\$)			
— Basic	8	0.06	0.13
— Diluted	8	0.06	0.13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Equipment		5,382	10,043
Right-of-use assets		26,686	46,880
Intangible assets		782	—
Investments in associates and joint ventures		688,650	705,023
Investments at fair value through profit or loss		4,002,039	1,335,687
Debt investments		—	292,473
Prepaid consideration		449,779	—
		5,173,318	2,390,106
Current assets			
Investments at fair value through profit or loss		1,215,826	2,342,097
Debt investments		616,093	256,900
Accounts and loans receivables	9	263,381	269,778
Interest receivables		50,231	24,696
Prepayments, deposits and other receivables	10	15,968	18,104
Pledged bank deposits		20,000	—
Bank and cash balances		86,396	66,607
		2,267,895	2,978,182
TOTAL ASSETS		7,441,213	5,368,288
EQUITY AND LIABILITIES			
Equity			
Share capital		406,132	290,094
Reserves		5,122,112	4,237,085
Total equity		5,528,244	4,527,179

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Liabilities			
Current liabilities			
Accounts payables	11	57	210,632
Other payables		19,180	26,287
Financial liabilities at fair value through profit or loss		2,879	6,331
Borrowings	12	1,844,969	528,603
Lease liabilities		23,605	29,635
Current tax liabilities		14,678	14,678
		<u>1,905,368</u>	<u>816,166</u>
Net current assets		<u>362,527</u>	<u>2,162,016</u>
Non-current liabilities			
Financial liabilities at fair value through profit or loss		1,676	917
Lease liabilities		5,925	19,913
Deferred tax liabilities		–	4,113
		<u>7,601</u>	<u>24,943</u>
Total liabilities		<u>1,912,969</u>	<u>841,109</u>
TOTAL EQUITY AND LIABILITIES		<u><u>7,441,213</u></u>	<u><u>5,368,288</u></u>
NET ASSETS		<u><u>5,528,244</u></u>	<u><u>4,527,179</u></u>
Net asset value per share	13	<u><u>HK\$1.36</u></u>	<u><u>HK\$1.56</u></u>

NOTES

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business is 41st Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 April 2021. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. TURNOVER AND REVENUE

Turnover represents the aggregate of dividend income, interest revenue and gross sales proceeds from disposal/redemption of investments at fair value through profit or loss.

Turnover and revenue recognised during the years are analysed as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividend income	2,654	1,065
Interest revenue	<u>91,275</u>	<u>109,457</u>
Total revenue	93,929	110,522
Gross sales proceeds from disposal/redemption of investments at fair value through profit or loss	<u>177,574</u>	<u>513,736</u>
Turnover	<u><u>271,503</u></u>	<u><u>624,258</u></u>

4. SEGMENT INFORMATION

The chief operating decision maker has been identified as the executive director, subject to requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The executive director assesses the operating segments using a measure of operating profit. The Group’s measurement policies for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements.

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

Geographical information

	2022 HK\$’000	2021 HK\$’000
Revenue		
— Hong Kong	30,912	56,375
— Mainland China	42,022	8,405
— United States of America	20,995	45,742
	<u>93,929</u>	<u>110,522</u>

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

Non-current assets other than financial instruments

	2022 HK\$’000	2021 HK\$’000
Hong Kong	135,541	169,477
Mainland China	585,177	592,469
United States of America	782	—

Revenue from major debt investments and loan receivables

Revenue of the Group which individually accounted for 10% or more of the Group’s total revenue is shown below:

	2022 HK\$’000	2021 HK\$’000
Debt investment A	17,440	21,897
Debt investment B	14,795	26,279
Borrower C	11,330	—
Debt investment D	10,275	—
Debt investment E	10,141	—
Debt investment F	#	11,947
Debt investment G	—	21,817

The amount of revenue from the debt investment was less than 10% of the total revenue for the relevant year.

5. INCOME TAX CREDIT/(EXPENSE)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Deferred tax	<u>4,113</u>	<u>(4,113)</u>

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2022 and 2021 as the Group did not generate any assessable profits arising in Hong Kong during those years.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax credit/(expense) and the product of profit before tax multiplied by the weighted average tax rate of the consolidated companies is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit before tax	<u>217,160</u>	<u>376,669</u>
Tax at the weighted average tax rate	(68,199)	(33,498)
Tax effect of income not taxable for tax purpose	120,083	65,118
Tax effect of expenses not deductible for tax purpose	(46,954)	(6,152)
Tax effect of tax losses not recognised	(251)	(28,907)
Tax effect of temporary differences not recognised	<u>(566)</u>	<u>(674)</u>
Income tax credit/(expense)	<u>4,113</u>	<u>(4,113)</u>

6. PROFIT FOR THE YEAR

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Depreciation of equipment	6,283	6,832
Depreciation of right-of-use assets	31,117	29,550
Loss on disposal of equipment	157	–
Auditor's remuneration		
— Audit services		
— Current	1,350	1,350
— Under-provision in prior year	–	1,000
— Non-audit services	100	330
	<u>1,450</u>	<u>2,680</u>
Reversal of provision for expected credit losses ("ECL")		
— debt investments	(417,807)	(19,816)
— accounts, loans, interest and other receivables	(42,560)	(54,893)
	<u>(460,367)</u>	<u>(74,709)</u>
Directors' emoluments		
— As directors	1,368	2,830
— For management	–	–
— Equity-settled share-based payments	–	1,243
— Retirement benefits scheme contributions	–	–
	<u>1,368</u>	<u>4,073</u>
Staff costs including Directors' emoluments		
— Salaries and other benefits	18,211	22,537
— Equity-settled share-based payments	828	2,729
— Retirement benefits scheme contributions	273	477
	<u>19,312</u>	<u>25,743</u>

7. DIVIDEND

No dividends was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2022, nor has any dividend been proposed at the end of the reporting period (2021: nil).

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the following:

	2022 HK\$'000	2021 HK\$'000
Earnings		
Earnings for the purpose of calculating basic earnings per share	<u>221,273</u>	<u>372,556</u>
	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>3,436,620</u>	<u>2,900,940</u>
	2022 HK\$	2021 HK\$
Basic earnings per share	<u>0.06</u>	<u>0.13</u>

(b) Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary share during the years ended 31 March 2022 and 2021.

9. ACCOUNTS AND LOANS RECEIVABLES

		2022 HK\$'000	2021 HK\$'000
	<i>Notes</i>		
Unsecured loans	(a)	186,404	216,991
Accounts receivables	(b)	1,089	1,089
Amounts due from associates, joint ventures and related companies	(c)	29,154	25,745
Dividend receivables	(d)	<u>46,734</u>	<u>25,953</u>
		<u>263,381</u>	<u>269,778</u>

Notes:

		2022	2021
		HK\$'000	HK\$'000
(a)			
Unsecured loan to a potential investee	(i)	–	70,989
Unsecured loans to other third parties	(ii)	196,295	235,300
Expected credit losses		(9,891)	(89,298)
		<u>186,404</u>	<u>216,991</u>

- (i) Unsecured loan of RMB60,000,000, equivalent to HK\$70,989,000, is provided to a potential investee established in the People's Republic of China ("PRC"). The Group assesses the feasibility of the potential investment from time to time. ECL of RMB60,000,000, equivalent to HK\$70,989,000 is recognised against the unsecured loan at 31 March 2021 based on estimated recoverable amount determined by reference to an analysis of the counterparty's current operation. The loan was fully written off during the year as the recoverability is remote.
- (ii) Unsecured loans of RMB159,486,000, equivalent to HK\$196,295,000 (2021: RMB198,876,000, equivalent to HK\$235,300,000), are provided to 2 third parties established in the PRC with interest rate of 8% per annum. ECL of RMB8,036,000, equivalent to HK\$9,891,000 (2021: RMB15,475,000, equivalent to HK\$18,309,000) is recognised against the unsecured loans at 31 March 2022 based on estimated recoverable amount determined by reference to an analysis of the counterparty's current operation.

Subsequent to the reporting period, RMB1,630,000 was repaid. For the unsettled loans, the directors of the Group assessed the likelihood of default of these loans to be remote, as no loan has become past due. Further the Group was not aware of any significant adverse change in the business and operation of the borrowers of the loans. The Group will continue to closely monitor the development of these loans and assess their recoverability periodically.

During the year ended 31 March 2022, reversal of provision for ECL of RMB7,438,000, equivalent to HK\$9,155,000 (2021: provision for ECL of RMB15,475,000, equivalent to HK\$17,748,000), was recognised in profit or loss.

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

- (b) The Group does not hold any collateral or other credit enhancements over the accounts receivables from co-investment partners. The ageing analysis of accounts receivables, based on invoice date of accounts receivables, and net of allowance, is as follows:

	2022	2021
	HK\$'000	HK\$'000
Unbilled	<u>1,089</u>	<u>1,089</u>

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

For the year ended 31 March 2022, in view of the uncertainty on the recoverability of the amount due from one of the associates, reversal of provision for ECL of HK\$3,262,000 (2021: provision for ECL of HK\$850,000) was recognised in profit or loss.

- (d) Dividend receivables represents dividend declared by CSOP Asset Management Limited in both years.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<i>Note</i>	2022 HK\$'000	2021 HK\$'000
Prepaid service fee	(a)	–	3,195
Other prepayments		3,389	1,610
Deposits and other receivables		12,579	13,299
		15,968	18,104

Note:

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

Due to social movements in Hong Kong in 2019 and the outbreak of COVID-19 pandemic in 2020, FCSSCL was unable to render certain services under the service agreement during the period from 30 July 2019 to 29 July 2020. On 17 November 2020, the Company and FCSSCL entered into a first supplemental service agreement allowing FCSSCL to delay the delivery of certain services under the service agreement.

On 24 June 2021, the Company and FCSSCL entered into a second supplemental service agreement to amend the scope of services under the service agreement and the fee schedule. The initial expansion cost, service fees for the first, second and third years were revised to HK\$2,600,000, HK\$1,600,000, HK\$3,900,000 and HK\$1,875,000 respectively.

Such prepaid service fee has been fully amortised during the year.

11. ACCOUNTS PAYABLES

The ageing analysis of accounts payables, based on the recognition date of accounts payables, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 year (note)	–	210,632
Over 1 year	<u>57</u>	<u>–</u>
	<u><u>57</u></u>	<u><u>210,632</u></u>

Note:

Pursuant to 股份轉讓交易協議 dated 18 June 2019 and 股份轉讓交易協議之補充協議 dated 28 June 2019, signed between the Group, through one of its subsidiaries, and the seller, the Group determined to purchase a total of 63,202,590 shares, or 19.9% of total capital of Dagang Holding Group Co., Limited (stock code: 300103.SZ). The total consideration of RMB695,228,490, or RMB11 per share, is agreed to be paid in instalments based on certain contractual terms. The shares have been successfully transferred and registered under the Group as disclosed in the Company's announcement on 23 October 2020. As at 31 March 2021, the accounts payables mainly include RMB177,979,000 (equivalent to HK\$210,575,000) payable to the seller. As at 31 March 2022, the accounts payables to the seller has been fully settled.

12. BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Notes</i>		
Securities margin trading borrowing	(a) 200,150	223,941
Secured borrowings from banks	(b) 97,500	–
Unsecured other borrowings		
— Interest bearing	(c) 1,471,871	232,135
— Non-interest bearing	(d) 75,448	72,527
	<u><u>1,844,969</u></u>	<u><u>528,603</u></u>

Notes:

- (a) Securities margin trading borrowing from a securities company secured by certain listed securities of the Group and repayable within 1 year.
- (b) Secured borrowings from banks are secured by the Group's pledged bank deposits and certain interests in an associate and repayable within 1 year.
- (c) The interest-bearing other borrowings of HK\$71,871,000 (2021: HK\$232,135,000) are unsecured, interest bearing from 8% to 16% (2021: 8% to 18%) per annum and repayable within 1 year.

Unsecured interest-bearing other borrowing of HK\$1,400,000,000 (2021: Nil) is borrowed from a company incorporated in British Virgin Islands which is ultimately controlled by Dr. Liu Zhiwei, the executive director of the Company, interest bearing at 2.5% per annum. Such borrowing was subsequently capitalised as share capital on 30 May 2022. Details of this transaction are set out in the subsection headed “Events After The Reporting Year” under this announcement.

- (d) Non-interest bearing borrowing represents RMB61,300,000 (equivalent to HK\$75,448,000 (2021: HK\$72,527,000)) loan due to 上海赫奇企業管理諮詢有限公司 for a potential investment opportunity in the PRC. The borrowing is non-interest bearing and repayable on demand.
- (e) The average effective interest rate of bank and other borrowings during the year ended 31 March 2022 was 7.86% (2021: 6.06%) per annum.

13. NET ASSET VALUE PER SHARE

The net asset value per share is calculated by dividing the net asset value of the Group at 31 March 2022 of HK\$5,528,244,000 (2021: HK\$4,527,179,000) by the number of ordinary shares in issue at that date, being 4,061,316,000 (2021: 2,900,940,000).

MANAGEMENT DISCUSSION AND ANALYSIS

WEALTHKING INVESTMENTS OVERVIEW

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

We leverage our capital strength to invest in targeted companies. Our investment strategy is comprised of three pillars, namely core-holding-centered private equity, portfolio management as well as trading and others, with returns generated from interests, dividends and capital appreciation.

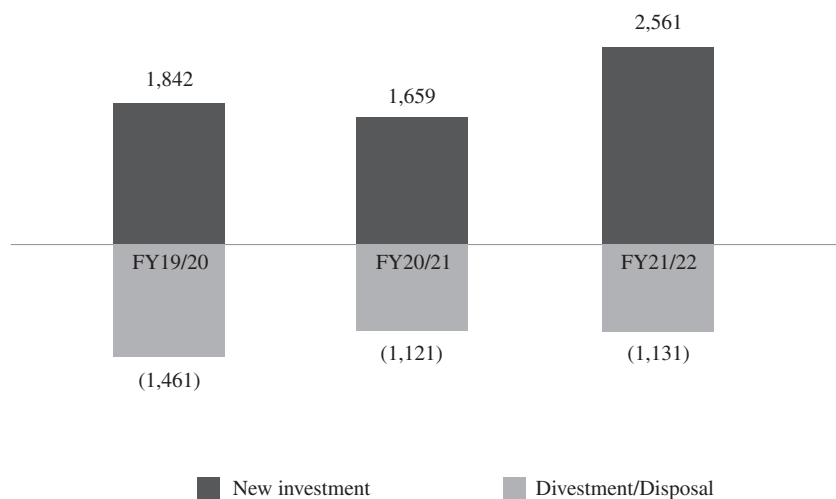
INVESTMENT REVIEW

Investment Activities

During the Year (the twelve months ended 31 March 2022, same as below), new variants continue to disrupt the progress of the recovery of global economic. Meanwhile, the ongoing geopolitical tension, inflationary pressures and a series of industry regulatory measures have greatly affected the capital market. Wealthking Investments has sought certain industry trends amidst the challenges of a complex and volatile market environment, focusing our investment vision on emerging technology sectors to drive the business expansion through technology layout. We continue to adhere to the tri-engine driving investment strategy, increasing the investment in portfolio management category, actively capturing the investment opportunities in the market, balancing liquidity and rate of return of the asset, to contribute more medium-term returns to the Company.

During the Year, global economic activity were still constrained by the pandemic, we exercised extra prudence on new equity investments and strove for the maximum value of our capital and the financing capability as a public company. Our investment and divestment decisions are made based on comprehensive considerations and assessments of return, risk and opportunity cost. We invested HK\$2,561.30 million during the Year, mainly through private equity, debt investments, funds as well as listed securities, and our divestment amounted to HK\$1,130.53 million, mainly derived from some short-term debt instruments, listed securities and private equity investments.

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

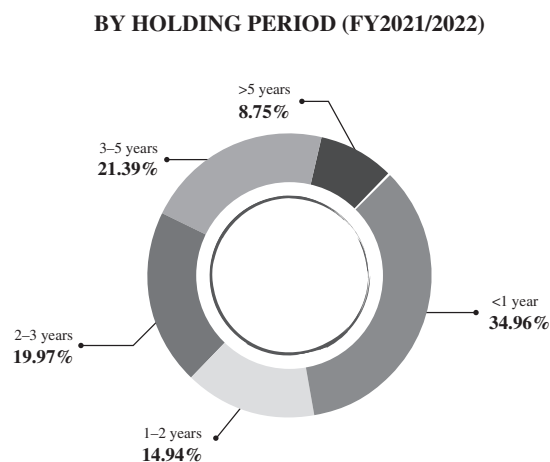
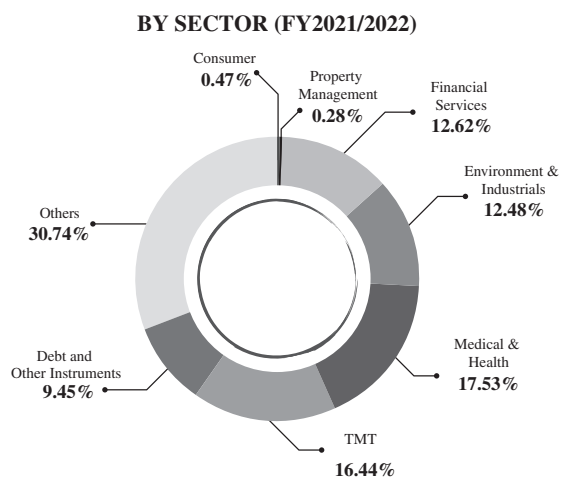


Portfolio Breakdown

To quickly adapt to the changes and seize the opportunities, in the FY2020/2021, we underwent a business transformation and strategic upgrade. During the Year, our investment strategy is comprised of three pillars, namely core-holding-centered private equity, portfolio management as well as trading and others.

Private equity strategy aims to leverage our capital to directly invest in and empower great companies, and long-term core holding is our primary focus. We identify and invest in companies with high growth potential and hold them as core-holding portfolio supporting their long-term development with patient capital. Portfolio management strategy represents our medium- to long-term investment in the secondary market, debt investment and others which are expected to contribute medium-term returns to the Group. The strategy of trading and others stress to balance liquidity and rate of return of the asset by capturing short-term investment opportunities and other opportunistic transactions in the secondary market in and outside China.

As of 31 March 2022, the four main sectors of our existing portfolio were Medical and Health, Environment and Industrials, Technology, Media and Telecom (“TMT”) and Financial Services, which represented 59.1% of our total investments holdings. Our leading position in the Medical and Health sector in terms of valuation was the investment in iCarbonX Group Limited (“iCarbonX”), while in the Environment and Industrials sector, Dagang Holding Group Co., Ltd. (“Dagang Holding”) was the largest holding. Our major investment in the TMT sector included Jiedaibao Limited (“Jiedaibao”). Our major investment in the Financial Services sector included CSOP Asset Management Limited (“CSOP”) and Treasure Up Ventures Limited (Beijing International Trust Co., Ltd.).



MAJOR INVESTMENT PORTFOLIO

Private Equity

Private equity represents equity investment in private companies through our own capital to support its long-term development. We mainly divide private equity into two categories, namely long-term core holding and other private equity. As of 31 March 2022, Wealthking Investments' holdings in private equity category amounted to HK\$3,393.70 million.

Long-Term Core Holding

As of 31 March 2022, three companies were categorized as our long-term core holding portfolio, namely iCarbonX, CSOP and OPIM Holdings Limited ("OPIM"). iCarbonX primarily focuses on digital health management, CSOP is the largest Qualified Foreign Institutional Investor ("RQFII") manager globally, and OPIM is Asia's leading hedge fund platform. Wealthking Investments' holdings in the core holding companies amounted to HK\$1,142.09 million as at 31 March 2022. Given the growth potential of the core holding companies, Wealthking Investments will continue to hold them and support their development in the long run while pursuing long-term investment return correspondingly.

iCarbonX Group Limited

Date of initial investment: 2018
Type of deal: Core Holding
Equity ownership: 7.73%
Cost: HK\$1,098.79 million
Carrying value: HK\$1,000.55 million
Location: China
Industry: Medical & Health

In 2018, Wealthking Investments invested in iCarbonX as one of its core holding companies and established a joint venture with iCarbonX named iCarbonX OP Investment Limited to capture potential investment opportunities within the healthcare industry. As at 31 March 2022, the Group owned 7.73% of equity interests in iCarbonX and the carrying value of the position stood at HK\$1,000.55 million, decreasing 12.95%, or by HK\$148.83 million as compared to HK\$1,149.38 million as at 31 March 2021.

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

iCarbonX established the Digital Life Alliance (the “Alliance”) with a number of cutting-edge health-tech companies in 2016 and has been actively carrying out cross-border collaborations in order to maximize synergy and promote mutual growth within the Alliance. In March 2021, iCarbonX announced its strategic partnership with Olink Proteomics, a NASDAQ-listed company dedicated to accelerating proteomics, to jointly introduce its Olink platform to China market, which would provide quantifiable results with high-throughput, exceptional sensitivity and specificity using minimal sample volume.

In addition, iCarbonX has been deeply concerned with the outbreak of COVID-19 since January 2020 and its COVID-19 neutralizing antibody test kit has received the CE Mark certification as at the end of 2020. In Mainland, iCarbonX’s newly established Shenzhen Weiban Medical Test Lab (深圳微伴醫學檢驗實驗室) has been approved by local government for conducting COVID-19 test for people who need a testing results report to travel or work.

Under the vision of continuing the construction of Digital Life ecosystem, iCarbonX has determined the strategic direction of using multi-omics and AI as the main technology platform and polypeptide chip as the core technology. ICarbonX has applied polypeptide chip in the innovation and development of polypeptide medicines, making the medicine segment as the key business, and constructing a medicine research and development platform which is driven by AI. The diagnostic segment has covered metabolic disorder, autoimmune diseases and other fields, and continues to drive the development and transformation of new in vitro diagnostic products by relying on clinical collaboration resources and platform innovation driving force. In respect of chip research and development, iCarbonX relocated its polypeptide chip research and development platform to China in September 2021, production efficiency is significantly improved.

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

CSOP Asset Management Limited

Date of initial investment: 2008
Type of deal: Core Holding
Equity ownership: 22.5%
Cost: HK\$60 million
Carrying value: HK\$103.74 million
Location: Hong Kong
Industry: Financial Services

CSOP was jointly established by Wealthking Investments and China Southern Asset Management Co., Ltd in 2008. As at 31 March 2022, Wealthking Investments owned 22.5% of the issued capital of CSOP, of which the carrying value stood at HK\$103.74 million, decreasing 0.09%, as compared to HK\$103.83 million as at 31 March 2021, such change is due to the HK\$46.73 million dividend distributed by CSOP, which was driven by its robust business performance during the Year.

CSOP is a well-known asset management company based in Hong Kong, which manages private and public funds, and provides investment advisory services to Asian and global investors with a dedicated focus on China investing. As a leading cross-border asset management expert in respect of Asset Under Management (AUM), CSOP once held the world's largest RMB RQFII quota of RMB46.1 billion. CSOP is a leading ETF provider in the Hong Kong market, among the top 10 most actively traded ETFs listed on the Hong Kong Stock Exchange ("HKEX"), nearly half of them are by CSOP. As at 31 December 2021, the scale of asset management of CSOP exceeded US\$11 billion, representing a growth of over 11% in scale in 2021.

In the fast-changing market, CSOP never stops being innovative in capturing opportunities. During the Year, CSOP have launched a series of Exchange Traded Fund ("ETF") with future theme, including the first Metaverse Concept ETF in Hong Kong, Global Smart Driving Index ETF, Global Cloud Computing Technology Index ETF, etc., to satisfy the investment demand of investors for emerging markets. Thanks to its excellent product design and strong performance, CSOP has won many awards in total from various parties at both corporate and product levels during the Year, including but not limited to the "Asia Fund House of the Year" and "Fund House of the Year" by AsianInvestor, which is a authoritative asset management magazine in Asia, this is also the first time that a Chinese asset manager has won "Asia Fund House of the Year" since the establishment of the awards.

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

OPIM Holdings Limited

Date of initial investment: 2008
Type of deal: Core Holding
Equity ownership: 30%
Cost: HK\$59.47 million
Carrying value: HK\$37.8 million
Location: Hong Kong
Industry: Financial Services

As at 31 March 2022, Wealthking Investments owned 30% of the issued ordinary shares and 100% of the non-voting preference shares of OPIM, the position in OPIM stood at HK\$37.8 million as compared to HK\$56.0 million as at 31 March 2021. OPIM managed 38 funds as at the end of 2021, the scale of fund management was about US\$200 million.

OPIM is a leading hedge fund platform in Asia serving both global and Asia based managers to develop funds across diversified strategies for institutional and professional investors. It has built a whole ecosystem linking up fund managers, service providers and capital allocators, which enables the managers to launch offshore funds with efficient and affordable structures. With the ecosystem, managers are able to focus on fund performance and build a proven track record for future expansion. OPIM has also built strategic partnerships in Singapore, Europe and Mainland China to continue to increase its customer base and expand the scope of its service offerings to customers.

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

Other Private Equity

Apart from long-term core holding, Wealthking Investments' holdings in the other Private Equity category amounted to HK\$2,251.61 million as at 31 March 2022. The Group added new investments of HK\$314.67 million and exited from an investment amounting to HK\$134.56 million in total in this category during the Year. In making decisions on either to maintain the holdings for future divestment to benefit from growth of business, or to exit and harvest returns for potential new investments, the Group based on prudent and extensive analysis of market condition and investment projects' prospect.

The major investments are listed as below:

Jiedaibao Limited

Date of initial investment: 2020
Type of deal: Private Equity
Equity ownership: 2.49%
Cost: HK\$900.39 million
Carrying value: HK\$954.58 million
Location: China
Industry: TMT

In 2020, Wealthking Investments entered into a share purchase agreement (the "Share Purchase Agreement") with an existing shareholder (the "Seller") of Jiedaibao to purchase 1.97% of the shares issued by Jiedaibao at a consideration of HK\$700 million. Wealthking Investments subsequently increased its capital by HK\$200.39 million in November 2021. As at 31 March 2022, the Group's position in Jiedaibao stood at HK\$954.58 million, representing 2.49% of the shares issued by Jiedaibao.

Founded in 2014, Jiedaibao is an internet fintech company providing services of contract signing, registration and post-loan management for borrowing and lending money between individual users and supply chain finance of corporate users, aiming to solve the financing difficulty problem for individuals as well as micro-, small and medium- sized enterprises ("SME"). Jiedaibao strives to be the largest service platform for individual borrowings and corporate supply chain finance in China. The mobile App 借貸寶 ("借貸寶"), which is operated by Jiedaibao, mainly provides registration tools for online I Owe You ("IOU") issuance and supplementing and relevant value-added services. Adopting AI visual technology, a sound cloud storage system and online payment system, 借貸寶 empowers online borrowing and lending transactions and micro-SME's supply chain finance. The sources of revenue are mainly coming from registration service fee, collection service fee, marketing fee, certification service fee, software development fee and loan interests, etc.

By right of the universality of its function and the business model, 借貸寶 has gained significant market share in Mainland China since its launch 6 years ago. With licenses of online payment, commercial banking and internet microloans, Jiedaibao is building a complete Fintech ecosystem. Wealthking Investments expects the continuously growing business of Jiedaibao would generate considerable medium-term return for the Group.

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

Date of initial investment: 2016
 Type of deal: Private Equity
 Equity ownership: 25%
 Cost: HK\$351.67 million
 Carrying value: HK\$394.35 million
 Location: China
 Industry: Financial Services

Wealthking Investments acquired 25% equity interest in Treasure Up Ventures Limited (“Treasure Up”), which in turn participates in a minority economic interest in BITIC. As at 31 March 2022, the Group’s position in BITIC stood at HK\$394.35 million as compared to HK\$446.74 million as at 31 March 2021. The decrease was primarily attributable to the instability of the global market due to global outbreak of COVID-19 variants, which led to decrease the valuation of companies in the same industry. Notwithstanding, in 2021, the parent company of BITIC recorded a net profit of RMB1,100 million with a year-over-year increase of 11.55%.

BITIC is a China-based large-scale non-banking financial institution, which primarily engages in trusts, investment funds, financial services, brokerage and advisory business. The trust industry has been playing an irreplaceable role in China’s economic development and financial resource allocation. In recent years, the rapid development of wealth management business driven by the accumulation of private wealth has brought the industry with historic opportunities. Quickly adapting to the changes in the market and national policy environment, BITIC formulated its twin-engine strategy in 2019, which is asset management and wealth management respectively, and has adjusted its service offering focusing on quality rather than quantity since 2018. After several years of continuous improvement and development, BITIC has established four professional sectors, which are securities investment, securities research, investment banking and securities operation, and has formed multi-strategy TOF portfolio investments, fixed-income investments, asset securitization and other securities investment product lines, creating many representative products with excellent performance.

The active management capability of BITIC ranks high in the industry, it has been awarded “Outstanding Trust Company Award”, “Financial Product of the Year with Influence in Financial Market” and other honors, and has been recognized by investors and partners. Wealthking Investments believes that with the continuous opening-up and improvement of China’s financial system, and the leading position of BITIC in trust industry, BITIC is expected to deliver a decent return on investment for the Group.

華建實業投資有限公司 (“華建實業”)

Date of initial investment: 2020
Type of deal: Private Equity
Equity ownership: 12.5%
Cost: HK\$370 million
Carrying value: HK\$367.26 million
Location: China
Industry: Others

Wealthking Investments entered into agreements to acquire 100% of the equity of Wall King Industry Investment Limited, which in turn to purchase 12.5% of equity interest issued by 華建實業 with a total consideration of HK\$370 million. As at 31 March 2022, the Group’s position in 華建實業 stood at HK\$367.26 million, decreasing 5.44% as compared to HK\$388.38 million as at 31 March 2021 due to it’s operations affected by the COVID-19 variants.

華建實業 is a consolidated investment holding group with industrial investment, equity investment, investment management as its main business. With the double-engine strategy of industrial operations complemented by equity investment, investment areas of 華建實業 are mainly in the promising industries, such as high-end equipment manufacturing, culture and arts, internet and real estate, striving to become the capital operation platform with global vision and social influence in the PRC.

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

PORTFOLIO MANAGEMENT

As at 31 March 2022, Wealthking Investments' holdings in the portfolio management category amounted to approximately HK\$3,107.08 million, of which, the holdings in the investment on funds amounted to HK\$1,595.18 million, listed securities amounted to HK\$885.44 million, debt investments amounted to HK\$626.38 million, other investment amounted to HK\$0.08 million. The Group added an investment of HK\$2,215.62 million and exited from debt investments, listed securities and others amounting to HK\$972.40 million in total in this category during the Year. At the same time, our portfolio of debt instruments recorded provision for expected credit losses under HKFRS 9, while some listed securities recorded market price change during the Year.

The Group invests in debt instruments with the consideration of return, risk and liquidity. For the Year, the interest rate we charged for the debt instruments, of which the borrowers were mainly investment companies, ranged from 6% to 10% as compared to 6% to 11.5% for the same period last year. The total interest income generated from debt instruments was HK\$91.11 million with loan tenures ranging from 1 year to 2 years, while the corresponding amount and range for the same period last year were HK\$101.38 million and 2 years to 5 years, respectively.

Wealthking Investments maintains regular communication with debt issuers and loan borrowers. As at the end of the Year, management have assessed the repayment ability of the issuers/borrowers for the determination of expected credit losses provisions.

The major investment is listed as below:

Dagang Holding Group CO., LTD. (Stock code: 300103.SZ)

Date of initial investment: 2019
Type of deal: Securities
Equity ownership: 19.9%
Cost: HK\$822.56 million
Carrying value: HK\$739.78 million
Location: China
Industry: Environment & Industrials

In June 2019, the Group via its wholly-owned subsidiary, 英奇投資(杭州)有限公司, entered into a share transfer agreement with the seller to acquire 19.9% shareholding or 63,202,590 shares of Dagang Holding, which have been registered under the name of 英奇投資(杭州)有限公司 with China Securities Depository and Clearing Corporation Limited as at 23 October 2020.

As at 31 March 2022, the Group's position in Dagang Holding stood at HK\$739.78 million, decreasing 11.8% as compared to HK\$839.01 million same period of last year mainly due to unfavorable market conditions leading to a drop in share price. In 2021, Dagang Holding's high-end road equipment R&D and manufacturing business and environmental protection business were affected by the factors such as pandemic, increase in raw material procurement cost, metal price volatility, resulting in a year-on-year decline in the performance of the business segment. In 2021, the total operating income of Dagang Holding decreased by 21.21% as compared with the same period in 2020.

Founded in May 2002 and being listed on the SME Board of Shenzhen Stock Exchange in August 2010, Dagang Holding has been trading under stock code of 300103.SZ. Currently, Dagang Holding has developed into a high-tech enterprise integrating the business segments of "high-end road equipment R&D and manufacturing + public facilities smart operation and maintenance + comprehensive recycling of hazardous waste and solid waste". Its products and services are widely used in various fields such as road construction, public facility management, environmental protection, digitalization of vector control. During 2021, Dagang Holding extends vector control and rural vitalization businesses based on the foundation of the existing three sector businesses, further strengthen synergies among businesses.

Wealthking Investments believes that benefiting from its established market leadership in the high-end road equipment sector and the growth momentum of urban road smart operation and maintenance as well as comprehensive recycling of hazardous waste and solid waste sector, and further expansion of vector control and rural vitalization sectors, Dagang Holding is expected to bring medium-term returns to the Group.

Ninth Eternity Asia Fund LP

Date of initial investment: 2021
Type of deal: Fund
Equity ownership: 23.33%
Cost: HK\$700 million
Carrying value: HK\$699.70 million
Location: China
Industry: Others

In 2021, Wealthking Investments entered into the Subscription Agreement with Ninth Eternity Asia Fund LP through its wholly-owned subsidiary. The scale of Ninth Eternity Asia Fund LP is HK\$3 billion, it focuses on the investment opportunities in growing industries in the Greater China, and the key investment area including high growth industry such as technology, high-end manufacturing. The investment scope of the fund includes primary equity, stocks, bonds (including convertible bonds) and other equity products or fixed income products. The Group's position in Ninth Eternity Asia Fund LP was HK\$699.70 million as at 31 March 2022.

Pursuant to the Partnership Agreement of the Fund, Ninth Eternity HK Limited is the General Partner of Ninth Eternity Asia Fund LP, it has the exclusive power and authority to manage the Partnership, as well as the discretionary authority to manage the assets and investments of the Partnership. Ninth Eternity HK Limited is established by the earliest innovative domestic and overseas investment fund managers, which has more than 10 years of experience in the investment field, and has extensive experience in multiple macroeconomic cycles, financial cycles, industrial cycles and fund management cycles and achieved excellent investment performance.

China's economy is at a critical stage of transformation and upgrading. "The 14th Five-Year Plan" proposed to strengthen national strategic technology power and implement manufacturing power strategy, technology and high-end manufacturing will definitely be the focus of the next development stage of the PRC. The key investment industry of Ninth Eternity Asia Fund LP covers the relevant fields under the guideline of national strategy. It is believed that the professional capability of the management team in terms of investment management, resources integration and compliance risk control, will assist the Company to capture the investment opportunities of technology, high-end manufacturing and other fields, which is expected to create medium-term returns to the Group.

Ninth Eternity Asia Fund II LP

Date of initial investment: 2021

Type of deal: Fund

Equity ownership: 26.67%

Cost: HK\$800 million

Carrying value: HK\$799.63 million

Location: China

Industry: Others

In 2021, Wealthking Investments entered into the Subscription Agreement with Ninth Eternity Asia Fund II LP through its wholly-owned subsidiary. The scale of Ninth Eternity Asia Fund II LP is HK\$3 billion, it mainly invests companies with stronger competitiveness and sustainable growth ability in the Greater China. Ninth Eternity Asia Fund II LP mainly focus on investment opportunities in high-growth industries such as consumption, internet and pharmaceuticals, covering venture capital, primary equity, stocks, bonds and other products. The Group's position in Ninth Eternity Asia Fund II LP was approximately HK\$799.63 million as at 31 March 2022.

Fleming Capital Holdings Limited is the General Partner of Ninth Eternity Asia Fund II LP. It consists of a professional management team with international background and extensive experience in global asset management, committing to building a competitive product and service system. In the context of high-quality economic development in China, Fleming Capital Holdings Limited deeply captures the investment opportunities in the real economy and capital market in Greater China by in-depth investment research and professional investment judgement and it is expected to bring medium-term returns to the Group.

TRADING AND OTHERS

As at 31 March 2022, Wealthking Investments' holdings in the trading and others category amounted to HK\$21.83 million. Wealthking Investments' holdings in listed securities that fell into this category amounted to HK\$20.93 million, while the holdings in the other equity investment amounted to HK\$0.90 million. During the Year, Wealthking Investments made new investments in and divestments from some listed securities and an equity investment to enhance the capital liquidity and generated returns from capital gains.

FINANCIAL REVIEW

Financial position

Net asset value: As at 31 March 2022, the Group's net asset value was HK\$5,528.24 million, or HK\$1.36 per share, as compared to HK\$4,527.18 million and HK\$1.56 per share respectively as at 31 March 2021.

Gearing: The gearing ratio, which was calculated on the basis of total liabilities over total equity as at 31 March 2022, was 0.35 (31 March 2021: 0.19).

Investments in associates and joint ventures: It represents our interests in companies such as core holding company CSOP and Treasure Up etc. Assets value stood at HK\$688.65 million as at 31 March 2022 (31 March 2021: HK\$705.02 million), representing a year-on-year decrease of 2.32% mainly due to the fact that CSOP's business growth for the Year, resulted in the payment of dividends of HK\$46.73 million, which in turn a decrease in attributable revenue.

Investments at fair value through profit and loss: It stood at HK\$5,217.87 million as at 31 March 2022, representing an increase of 41.88% as compared to HK\$3,677.78 million as at 31 March 2021, mainly attributable to the two placing carried out during the Year, the proceeds have been utilized to invest in premium projects.

Debt investments: It represents the investments in debt instruments as at 31 March 2022, which amounted to HK\$616.09 million. The increase of 12.14% as compared to HK\$549.37 million as at 31 March 2021 was primarily because the use of placement proceeds for debt investments.

Bank and cash balances: As at 31 March 2022, the Group's bank and cash balances stood at HK\$86.40 million (31 March 2021: HK\$66.61 million). We manage our bank and cash balances principally on the basis of making good use of capital to achieve returns for shareholders and ensuring sufficient liquidity for our working capital requirements.

RESULTS

During the Year, the continuous recurrence of COVID-19 pandemic, the turbulent geopolitical situation and increasing expectations of raising interest rate exacerbated the volatility of the global capital market, and had a certain impact on the valuation of our investment portfolio as well. The Group recorded a total revenue of HK\$93.93 million for the Year, representing a year-on-year decrease of 15.01% primarily attributable to the decrease in interest income due to the maturity of certain debt investments. The Group recorded profit for the Year of HK\$221.27 million as compared to HK\$372.56 million for last year. It is primarily due to HK\$266.38 million of net change in unrealised loss on investments at fair value through profit or loss, but offset by HK\$5.29 million of realised gain on some disposal/distribution of investments, HK\$460.37 million of reversal of provision for ECL and HK\$4.68 million of share of results of associates and joint venture.

Consolidated statement of profit or loss and other comprehensive income

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

	Twelve months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
Dividend income ⁽¹⁾	2,654	1,065
Interest revenue ⁽²⁾	91,275	109,457
	<u>93,929</u>	<u>110,522</u>

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

(2) Interest revenue were primarily generated from the Group's debt instruments as well as deposit in banks.

Net change in unrealised (loss)/gain on investments at fair value through profit or loss: The net change in unrealised loss of HK\$266.38 million (FY2020/21: gain of HK\$243.52 million), mainly represents net unrealised losses on listed shares of HK\$135.92 million.

Net change in unrealised gain on financial liabilities at fair value through profit or loss: The net change in unrealised gain of HK\$2.01 million (FY2020/21: HK\$3.02 million) mainly represents the share of unrealised loss by our co-investment partners.

Net realised gain/(loss) on disposal/distribution of investments: The net realised gain of HK\$5.29 million (FY2020/21: loss of HK\$118.69 million) during the Year mainly represents realised gain on the disposal of listed shares.

Reversal of provision for ECL: The reversal of provision of HK\$460.37 million (FY2020/21: HK\$74.71 million) for ECL mainly due to the recovery of some debts and the change in the provision rate of ECL during the Year.

Operating and administrative expenses: The total amount of HK\$49.48 million operating and administrative expenses (FY2020/21: HK\$62.14 million) was mainly the result of the depreciation of right-of-use assets, staff costs, investment management fee, depreciation of equipment, service fee expenses as well as legal and professional fees. The year-on-year decrease in operating and administrative expenses was primarily due to the decrease in investment management fee.

Share of profits of associates and joint venture: A net profit of approximately HK\$4.68 million (FY2020/21: HK\$149.28 million), mainly represents our share of results of CSOP and Treasure Up. The decrease was due to the fact that CSOP's business growth for the Year, resulted in the payment of dividends of HK\$46.73 million, which in turn a decrease in attributable revenue, and Treasure Up's value changed as a result of instable global economy which caused by the global outbreak of COVID-19 variants. But Treasure Up also declared and paid dividends of HK\$14.92 million during the Year.

Other comprehensive income: Changes in the Group's net asset value, which are not accounted for in "profit for the year", are recorded under "other comprehensive income". The net other comprehensive income of HK\$36.32 million (FY2020/21: HK\$37.45 million), mainly represented the exchange differences on translating foreign operations. Including the "profit for the year", the total comprehensive income for the Year was HK\$257.60 million.

DIVIDEND POLICY AND PROPOSED FINAL DIVIDEND

The Board has resolved not to pay any final dividend in respect of the Year (FY2020/21: nil).

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 March 2022, the Group had bank and cash balances of HK\$86.40 million (31 March 2021: HK\$66.61 million). The Group had an aggregate of HK\$1,844.97 million (31 March 2021: HK\$528.60 million) loans primarily comprised of loan from a shareholder as at 31 March 2022. The debt-to-equity ratio (interest-bearing external borrowings divided by shareholders' equity) stood at 32.01% (31 March 2021: 10.07%) while the debt ratio (total borrowings divided by total assets) is 24.79% (31 March 2021: 9.85%). The current ratio (current assets divided by current liabilities) was 1.19 times (31 March 2021: 3.65 times). For further analysis of the Group's cash position, current assets and gearing, please refer to paragraphs under subsections headed "Financial Position".

The Board believes that our operations and borrowing resources are sufficient to provide funding to satisfy our ongoing investment and working capital requirements for the foreseeable future.

CAPITAL STRUCTURE

As at 31 March 2022, Shareholders' Equity and the total number of shares in issue of the Company stood at HK\$5.52824 billion (31 March 2021: HK\$4.52718 billion) and 4,061,316,000 (31 March 2021: 2,900,940,000), respectively.

MATERIAL ACQUISITIONS AND DISPOSALS OF INVESTMENTS

	New/ Additional Investment HK\$ million	Divestment/ Disposal HK\$ million
Private Equity	314.67 ⁽¹⁾	134.56 ⁽²⁾
Portfolio Management		
— Listed securities	52.45 ⁽³⁾	18.55 ⁽⁴⁾
— Debt instruments	595.66	953.74
— Funds	1,567.51 ⁽⁵⁾	0.11
Trading and others	31.01	23.57
Total	<u>2,561.30</u>	<u>1,130.53</u>

(1) HK\$200.39 million is the Group's investment in Jiedaibao during the Year, the remaining are investment in new associates and joint venture totaling HK\$31.61 million, and other private equity investment totaling HK\$82.67 million.

(2) HK\$134.56 million represents the Group's sale proceeds from the disposal of Xiaojia Kuaizhi Inc. during the Year.

(3) HK\$52.45 million represents the Group's investment in 4 listed securities during the Year.

(4) HK\$18.55 million represents the Group's divestment from 4 listed securities during the Year.

(5) Of the HK\$1,567.51 million, HK\$1.5 billion was invested in Ninth Eternity Asia Fund LP and Ninth Eternity Asia Fund II LP, the remaining HK\$67.51 million represents investment in two funds.

SEGMENT INFORMATION

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

EMPLOYEES

As of 31 March 2022, the Group had 32 employees (31 March 2021: 21), inclusive of all Directors of the Company and its subsidiaries. Total staff costs including equity-settled share-based payments for the Year amounted to HK\$19.31 million (FY2020/21: HK\$25.74 million). The Group's remuneration policies are in line with market practices and are determined on the basis of the performance and experience of individual employees.

SHARE OPTION SCHEME

During the Year, the Board did not grant any share option under the Company's share option scheme to any Directors or eligible employees of the Group and there were no granted share options exercised (FY2020/21: nil). As at 31 March 2022, there were 16,000,000 (31 March 2021: 65,700,000) share options that remained outstanding under the share option scheme.

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

As at 31 March 2022, the Group was exposed to foreign exchange risk arising from financial instruments that are monetary items including investments recognized as investments at fair value through profit or loss, interest receivables, loan and other receivables, bank balances, borrowings and lease liabilities and other payables (31 March 2021: investments at fair value through profit or loss, loan and other receivables). These assets were denominated in RMB and the maximum exposure to foreign exchange risk was RMB1,178.34 million, equivalent to HK\$1,450.30 million (31 March 2021: RMB499.94 million, equivalent to HK\$591.50 million).

As at 31 March 2022, the Group held certain financial assets which were denominated in USD. The Board is of the opinion that the Group's exposure to USD foreign exchange risk is minimal as HKD is pegged to USD based on the Linked Exchange Rate System in Hong Kong.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2022, save as certain listed securities of the Group being used to secure the Group's margin securities trading and certain interests in an associate and part of bank time deposit are pledged for the Group's bank loan, there were no charges on Group's assets.

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

As at the date of this announcement, the Company plans to purchase certain guaranteed bonds issued by a company whose assets include shares in companies listed on major stock exchanges in China. The consideration of the purchase is expected to be approximately HK\$850 million and the expected sources of funding will be bank borrowings and funds from other fundraising activities such as external borrowings and placing of new shares. The Company considers such new potential investment as part of its normal business, and therefore management may publically announce the plan as they become necessarily disclosable to shareholders.

Other than that, there were no plans for material investments or capital assets, but the Company may, at any point, be negotiating potential investments.

USE OF PROCEEDS FROM ISSUE OF EQUITY SECURITIES

The August 2021 Subscription

On 3 September 2021, the Company issued and allotted 580,188,000 ordinary new shares (the “September 2021 Subscription Shares”) at a subscription price of HK\$0.66 per share for a total cash consideration of approximately HK\$382.9 million pursuant to the subscription agreements entered into with seven subscribers on 13 August 2021 (the “August 2021 Subscription”). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of these seven subscribers was a third party independent of the Company and its connected persons (within the meaning of the Listing Rules). The aggregate nominal value of the September 2021 Subscription Shares were HK\$58,018,800. The market value of the September 2021 Subscription Shares was approximately HK\$423,537,240 based on the closing price of HK\$0.73 per share as quoted on the Stock Exchange on the date of the subscription agreements.

The Directors considered that it was in the interests of the Company to raise capital from the equity market in order to maintain the cash flow position of the Group and to enhance the capital and shareholders’ base of the Company for long-term development and further strengthen its financial position.

The net proceeds, after deduction of all relevant expenses incidental to the August 2021 Subscription, were approximately HK\$382 million. The net price to the Company of each September 2021 Subscription Share was approximately HK\$0.66 per share. The net proceeds from the August 2021 Subscription were used for the following purposes:

Net proceeds raised	Use of the net proceeds during the Year
HK\$382 million	100% of net proceeds were used for investment, including: <ul style="list-style-type: none"> (i) approximately 13.73% was used for debt investments; and (ii) approximately 86.27% was used for a private equity investment in an investment holding company with the investment portfolio including debt investment and equity investment in various sectors, landed properties and other assets.

The October 2021 Subscription

On 25 November 2021, the Company issued and allotted 580,188,000 ordinary new shares (the “November 2021 Subscription Shares”) at a subscription price of HK\$0.62 per share for a total cash consideration of HK\$359.71 million pursuant to the subscription agreements entered into with seven subscribers on 26 October 2021 (the “October 2021 Subscription”). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of these seven subscribers was a third party independent of the Company and its connected persons (within the meaning of the Listing Rules). The aggregate nominal value of the November 2021 Subscription Shares were HK\$58,018,800. The market value of the November 2021 Subscription Shares was approximately HK\$429,339,120 based on the closing price of HK\$0.74 per share as quoted on the Stock Exchange on the date of the subscription agreements.

It has been the investment policy of the Company to invest in companies with high-growth potential in order to create value for shareholders. In a versatile market, it is important that the Group has readily available funds to capture fleeting opportunities for premium investments. The Directors considered that it was in the interests of the Company to raise capital by way of equity financing in order to maintain the cash flow position of the Group for capturing suitable investment opportunities in a timely manner. The October 2021 Subscription will also enhance the capital and shareholders’ base of the Company for long-term development and further strengthen its financial position.

The net proceeds, after deduction of all relevant expenses incidental to the October 2021 Subscription, were approximately HK\$359 million. The net price to the Company of each November 2021 Subscription Share was approximately HK\$0.62 per share. The net proceeds from the October 2021 Subscription were used for the following purposes:

Net proceeds raised	Use of the net proceeds during the Year
HK\$359 million	100% of net proceeds were used for investment, including: <ul style="list-style-type: none"> (i) approximately 35.34% was used for debt investments; (ii) approximately 8.94% was used for private equity investment in an investment holding company with the investment portfolio including debt investment and equity investment in various sectors, landed properties and other assets; and (iii) approximately 55.72% was used as private equity investment of interests in fintech sector.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

EVENTS AFTER THE REPORTING YEAR

On 30 May 2022, the Company issued and allotted 1,521,739,130 ordinary new shares (the "Capitalisation Shares") to Dr. Liu Zhiwei at an issue price of HK\$0.92 per share pursuant to a loan capitalisation agreement dated 31 December 2021 entered into between the Company and Chunda International Capital Management Co., Ltd ("Chunda"). The aggregate consideration for the allotment and issue of the Capitalisation Shares of HK\$1,400 million was settled by way of set off against HK\$1,400 million ("Capitalised Amount") out of the outstanding principal amount of an unsecured loan bearing an interest rate of 2.5% per annum and amounting to HK\$1,500 million (the "Shareholder Loan") granted to the Company by Chunda on 10 December 2021 (the "Loan Capitalisation"). The nominal value of the Capitalisation Shares (with a par value of HK\$0.1 each) is HK\$152,173,913. The market price of each of the Capitalisation Shares was HK\$0.8 per share based on the closing price of HK\$0.8 per share as quoted on the Stock Exchange on the date of the Loan Capitalisation agreement.

An aggregate of 1,630,434,783 ordinary new shares (the “May 2022 Subscription Shares”) were issued and allotted, as to 978,260,870 shares to Bright Victory International Limited (“Bright Victory”) and 652,173,913 shares to Mr. Wang Delian (“Mr. Wang”), on 30 May 2022 at a subscription price of HK\$0.92 per share for a total cash consideration of HK\$1,500 million pursuant to the subscription agreements the Company entered into with Bright Victory and Mr. Wang on 31 December 2021. The aggregated nominal value of the May 2022 Subscription Shares (with a par value of HK\$0.1 each) is HK\$163,043,478.3. The market price of each of the May 2022 Subscription Shares was HK\$0.8 per share based on the closing price of HK\$0.8 per share as quoted on the Stock Exchange on the date of the subscription agreements. The aggregate net proceeds of the May 2022 Subscription Shares, after the deduction of all relevant fees and expenses, was approximately HK\$1,499 million, representing a net subscription price of approximately HK\$0.92 per share.

The Company considered that the Loan Capitalisation was conducive to strengthening the financial position of the Group and beneficial to the Company and its shareholders as a whole as it allowed the Company to settle substantial portion of the Shareholder Loan, without utilising the existing financial resources of the Group which could in lieu be retained for other suitable investment opportunities with positive return prospect. In addition, upon completion of the Loan Capitalisation, the Company would no longer be liable for payment of the accrued interest expenses attributable to the Capitalised Amount and thus, achieve cost-saving favourable to the Company and the shareholders as a whole. The Loan Capitalisation could also immediately reduce the gearing ratio of the Group and hence improve its financial position.

With respect to the issue of May 2022 Subscription Shares, it was considered that fundraising by way of issue of May 2022 Subscription Shares could provide the Company with a definite amount of share capital and strengthen the Group’s financial position. The use of proceeds from the issue of May 2022 Subscription Shares was consistent with the investment strategy of the Group which could enrich the investment portfolio. Bright Victory, who is also a substantial shareholder of the Company, is intended to be a long-term strategic partner to the Company with continuous capital support to fund the investment plans of the Group, bringing strategic value to the Company. It also shows the confidence and support of Bright Victory as a substantial shareholder of the Company towards the long-term development of the Group. Mr. Wang has more than 10 years of investment experience in private equity investment and securities investment and has extensively participated in investment in mainland China and overseas markets, and he also focuses on art business markets. It is considered that the introduction of Mr. Wang as a shareholder of the Company will enable the Company to leverage Mr. Wang’s connection in the market with high-quality investors.

The net proceeds from the issue of May 2022 Subscription Shares were used for funding investment projects of the Company.

CORPORATE GOVERNANCE CODE COMPLIANCE

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

Code Provision C.1.6

Code Provision C.1.6 provided that, the independent non-executive Directors and other non-executive Directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. During the Year, Dr. Liu Zhiwei attended the annual general meeting (“AGM”) held on 18 August 2021 and two extraordinary meetings (“EGM”) held on 15 October 2021 and 22 March 2022. Due to the stringent quarantine measures in response to the continuation of COVID-19 pandemic imposed by the Hong Kong government on cross-border travelers, other Directors were unable to attend the AGM and the EGM held on 18 August 2021 and 15 October 2021 respectively.

Code Provision C.2.1

Code Provision C.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Dr. Zhu Xianzhong, the former chief executive officer of the Company (“CEO”), resigned on 29 December 2021 and Dr. Liu Zhiwei, an executive Director of the Company and the chairman of the Board, was appointed as the CEO on the same date in place of Dr. Zhu. Notwithstanding the deviation from Code Provision C.2.1, Dr. Liu’s extensive experience and knowledge, together with the support of the management, had provided solid and consistent leadership for the Group. In addition, the vesting of the roles as the chairman and CEO to Dr. Liu had allow efficient and effective implementation of business strategies and decisions. On 14 March 2022, Dr. Liu Zhiwei ceased to be the CEO in compliance with Code Provision C.2.1, and Dr. Qiao Bingya was appointed as the CEO on the same date.

Code Provision D.1.2

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

AUDIT COMMITTEE

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

The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. Chen Yuming, Mr. Yan Xiaotian and Mr. Zhao Kai. Mr. Chen Yuming is the chairman of the Audit Committee.

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

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2022. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

FORWARD LOOKING STATEMENTS

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

PUBLICATION OF FINANCIAL INFORMATION

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

By order of the Board
Wealthking Investments Limited
Liu Zhiwei
Executive Director and Chairman

Hong Kong SAR, 24 June 2022

As at the date of this announcement, the Board comprises one executive Director, namely, Dr. Liu Zhiwei; two non-executive Directors, namely Dr. Fu Weigang and Dr. Wang Shibin; and three independent non-executive Directors, namely, Mr. Chen Yuming, Mr. Yan Xiaotian and Mr. Zhao Kai.