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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)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

The board of directors (the “**Board**” or the “**Directors**”) of Wealthking Investments Limited (“**Wealthking Investments**” or the “**Company**”) is pleased to announce the unaudited condensed results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2022 (the “**Period**”) with comparative figures for the corresponding period in 2021 and selected explanatory notes as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Notes	Six months ended 30 September	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Turnover	3	211,193	225,467
Revenue	3	85,904	48,952
Other income		7	970
Net change in unrealised (loss)/gain on investments at fair value through profit or loss arising from			
— listed investments		(244,664)	(40,959)
— unlisted investments		215,402	(97,220)
		(29,262)	(138,179)
Net realised gain/(loss) on disposal/ distribution of investments arising from			
— listed investments		27,244	5,303
— unlisted investments		(5,734)	(20,861)
		21,510	(15,558)

		Six months ended	
		30 September	
		2022	2021
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
Net change in unrealised gain on financial liabilities at fair value through profit or loss		276	953
Exchange difference		(1,825)	4,062
Reversal of provision for expected credit losses		103,530	340,008
Operating and administrative expenses		(41,299)	(35,915)
Operating profit		138,841	205,293
Finance costs		(29,888)	(10,968)
Share of profits/(losses) of associates and joint ventures		104,257	(1,644)
Profit before tax		213,210	192,681
Income tax credit	5	—	4,113
Profit for the period attributable to owners of the Company	6	213,210	196,794
Other comprehensive (expense)/income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		(172,236)	10,374
Share of associates' and joint venture's — Exchange differences on translating foreign operations		(15,956)	3,279
Other comprehensive (expense)/income for the period, net of income tax		(188,192)	13,653
Total comprehensive income for the period attributable to owners of the Company		25,018	210,447
Earnings per share (HK\$)	7		
— Basic		0.03	0.07
— Diluted		0.03	0.07

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	30 September	31 March
	2022	2022
	HK\$'000	HK\$'000
<i>Notes</i>	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Equipment	2,310	5,382
Right-of-use assets	10,358	26,686
Intangible assets	782	782
Investments in associates and joint ventures	975,951	688,650
Investments at fair value through profit or loss	4,656,218	4,002,039
Prepaid consideration	–	449,779
	5,645,619	5,173,318
Current assets		
Investments at fair value through profit or loss	2,146,391	1,215,826
Debt investments	2,975,889	616,093
Accounts and loans receivables	8 193,399	263,381
Interest receivables	103,511	50,231
Prepayments, deposits and other receivables	66,908	15,968
Pledged bank deposits	–	20,000
Bank and cash balances	27,531	86,396
	5,513,629	2,267,895
TOTAL ASSETS	11,159,248	7,441,213
EQUITY AND LIABILITIES		
Equity		
Share capital	963,090	406,132
Reserves	8,698,878	5,122,112
Total equity	9,661,968	5,528,244

		30 September	31 March
		2022	2022
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Audited)
Liabilities			
Current liabilities			
Accounts payables	9	50	57
Other payables		37,948	19,180
Financial liabilities at fair value through profit or loss		2,554	2,879
Borrowings		1,428,226	1,844,969
Lease liabilities		8,772	23,605
Current tax liabilities		14,678	14,678
		<u>1,492,228</u>	<u>1,905,368</u>
Net current assets		<u>4,021,401</u>	<u>362,527</u>
Non-current liabilities			
Financial liabilities at fair value through profit or loss		1,647	1,676
Lease liabilities		3,405	5,925
		<u>5,052</u>	<u>7,601</u>
Total liabilities		<u>1,497,280</u>	<u>1,912,969</u>
TOTAL EQUITY AND LIABILITIES		<u>11,159,248</u>	<u>7,441,213</u>
NET ASSETS		<u>9,661,968</u>	<u>5,528,244</u>
Net asset value per share	10	<u>HK\$1.00</u>	<u>HK\$1.36</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2022. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2022.

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

In the current period, the Company and its subsidiaries (collectively referred to as the “Group”) has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2022. 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 period 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 periods are analysed as follows:

	Six months ended 30 September	
	2022	2021
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Dividend income	1,038	2,629
Interest revenue	84,866	46,323
Total revenue	85,904	48,952
Gross sales proceeds from disposal/redemption of investments at fair value through profit or loss	125,289	176,515
Turnover	211,193	225,467

4. SEGMENT INFORMATION

The chief operating decision maker has been identified as the executive director, subject to requirements of 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

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<i>Revenue</i>		
— Hong Kong	57,292	19,547
— Mainland China	26,786	14,935
— United States of America	1,826	14,470
	<u>85,904</u>	<u>48,952</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 and loans receivables is based on location of provision of credit.

Non-current assets other than financial instruments

	30 September 2022	31 March 2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	334,516	135,541
Mainland China	654,103	585,177
United States of America	782	782
	<u>989,401</u>	<u>721,500</u>

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:

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Debt investment A	16,362	–
Debt investment B	12,058	–
Debt investment C	9,212	#
Debt investment D	9,092	–
Debt investment E	–	16,019
Debt investment F	–	12,721
Borrower G	#	6,214

The amount of revenue from the debt investments and loans receivables was less than 10% of the total revenue for the relevant periods.

5. INCOME TAX CREDIT

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Deferred tax	–	4,113

No provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2022 and 2021 as the Group did not generate any assessable profits arising in Hong Kong during those periods.

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.

	Six months ended	
	30 September	
	2022	2021
	HK\$	HK\$
	(Unaudited)	(Unaudited)
Basic and diluted earnings per share	<u>0.03</u>	<u>0.07</u>

The effect of all potential ordinary shares are anti-dilutive for the six months ended 30 September 2022.

8. ACCOUNTS AND LOANS RECEIVABLES

		30 September	31 March
		2022	2022
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Unsecured loans	<i>(a)</i>	164,093	186,404
Accounts receivables	<i>(b)</i>	2,689	1,089
Amounts due from associates, joint ventures and related companies	<i>(c)</i>	26,617	29,154
Dividend receivables	<i>(d)</i>	<u>–</u>	<u>46,734</u>
		<u>193,399</u>	<u>263,381</u>

Notes:

(a)

	30 September	31 March
	2022	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Unsecured loans to third parties	172,800	196,295
Expected credit losses	<u>(8,707)</u>	<u>(9,891)</u>
	<u>164,093</u>	<u>186,404</u>

Unsecured loans of RMB156,564,000, equivalent to HK\$172,800,000 (31 March 2022: RMB159,486,000, equivalent to HK\$196,295,000), are provided to 2 third parties established in the PRC with interest rate of 8% per annum (“**p.a.**”). ECL of RMB7,889,000, equivalent to HK\$8,707,000 (31 March 2022: RMB8,036,000, equivalent to HK\$9,891,000) is recognised against the unsecured loans as at 30 September 2022 based on estimated recoverable amount determined by reference to an analysis of the counterparty’s current operation.

Repayment of RMB2,922,000 (equivalent to HK\$3,372,000) was received during the six months ended 30 September 2022. 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 six months ended 30 September 2022, reversal of provision for ECL of RMB147,000, equivalent to HK\$170,000 (31 March 2022: RMB7,438,000, equivalent to HK\$9,155,000) 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:

	30 September 2022	31 March 2022
	HK\$’000	HK\$’000
	(Unaudited)	(Audited)
Unbilled	<u>2,689</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.

During the six months ended 30 September 2022, in view of the uncertainty on the recoverability of the amount due from one of the associates, provision for ECL of HK\$2,541,000 (six months ended 30 September 2021: HK\$nil) was recognised in profit or loss.

- (d) Dividend receivables represents dividend declared by CSOP.

9. ACCOUNTS PAYABLES

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

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Over 1 year	<u>50</u>	<u>57</u>

10. NET ASSET VALUE PER SHARE

The net asset value per share is calculated by dividing the net asset value of the Group as at 30 September 2022 of HK\$9,661,968,000 (31 March 2022: HK\$5,528,244,000) by the number of ordinary shares in issue at that date, being 9,630,904,000 (31 March 2022: 4,061,316,000).

11. DIVIDEND

No dividends was paid or proposed for ordinary shareholders of the Company during the six months ended 30 September 2022, nor has any dividend been proposed at the end of the reporting period (six months ended 30 September 2021: nil).

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 Period (the six months ended 30 September 2022, same as below), under the influence of various factors such as the COVID-19 variants, the conflict between Russia and Ukraine, high inflation, and contractionary monetary policy, the global economic growth momentum continued to decline, and the international financial market remained volatile. 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 medium-term returns to the Company.

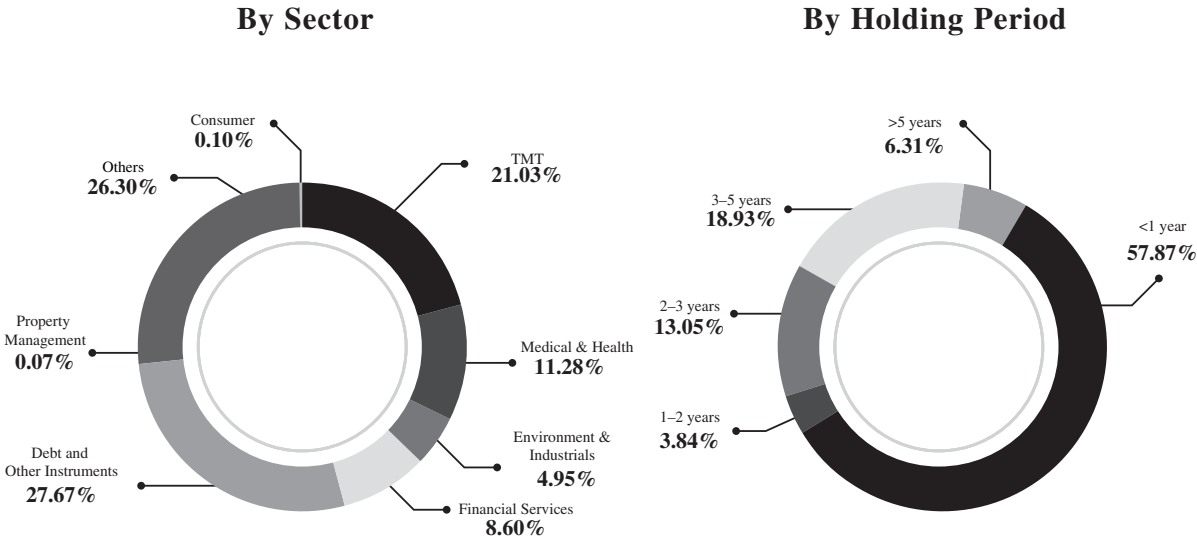
During the Period, global economic activities were still constrained by the pandemic, we exercised extra prudence on new equity investments and strove for the maximum value of our capital and the financing capability as a public company. Our investment and divestment decisions are made based on comprehensive considerations and assessments of return, risk and opportunity cost. We invested HK\$4,356.15 million during the Period, mainly through private equity, debt investments, funds as well as listed securities, and our divestment amounted to HK\$125.08 million, mainly derived from listed securities, funds and private equity investments.

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 Period, 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 30 September 2022, the four main sectors of our existing portfolio were Debt and Other Instruments, Technology, Media and Telecom (“TMT”), Medical and Health and Financial Services, which represented 68.58% of our total investments holdings. In terms of valuation, in the Debt and Other Instruments sector, Nanshan Capital Holdings Ltd 7% 27-6-2023 (the “Nanshan Bonds”) was the largest investment, while our major investment in the TMT sector included Jiedaibao Limited (“Jiedaibao”). Our leading position in the Medical and Health sector was the investment in iCarbonX Group Limited (“iCarbonX”). 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 30 September 2022, Wealthking Investments' holdings in private equity category amounted to HK\$4,173.08 million.

Long-Term Core Holding

As of 30 September 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\$1,188.02 million as at 30 September 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\$1,028.39 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 30 September 2022, the Group owned 7.73% of equity interests in iCarbonX and the carrying value of the position stood at HK\$1,028.39 million.

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\$120.44 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 30 September 2022, Wealthking Investments owned 22.5% of the issued capital of CSOP, of which the carrying value stood at HK\$120.44 million, increasing 16.10%, or by HK\$16.7 million as compared to HK\$103.74 million as at 31 March 2022 due to share of profits contributed by CSOP, which was driven by its robust business performance during the Period.

CSOP is a well-known asset management company based in Hong Kong, which manages private and public funds, and provides investment advisory services to Asian and global investors with a dedicated focus on China investing. As a leading cross-border asset management expert in respect of Asset Under Management (AUM), CSOP once held the world's largest RMB RQFII quota of RMB46.1 billion. CSOP is a leading Exchange Traded Fund (“**ETF**”) provider in the Hong Kong market, among the top 10 most actively traded ETFs listed on the Hong Kong Stock Exchange (“**Stock Exchange**”), 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. In recent years, CSOP have launched a series of 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, 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\$39.20 million
Location: Hong Kong
Industry: Financial Services

As at 30 September 2022, Wealthking Investments owned 30% of the issued ordinary shares and 100% of the non-voting preference shares of OPIM, the Group's position in OPIM stood at HK\$39.20 million. 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\$2,985.05 million as at 30 September 2022. The Group added new investments of HK\$677.55 million during the Period. 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 with an existing shareholder 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 30 September 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\$488.58 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 30 September 2022, the Group’s position in BITIC stood at HK\$488.58 million. The increase was due to continuous business growth of BITIC during the Period.

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\$329.34 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 30 September 2022, the Group’s position in 華建實業 stood at HK\$329.34 million, decreasing 10.30% as compared to HK\$367.26 million as at 31 March 2022 due to valuation fall as a result of RMB depreciation.

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.

上海恒嘉美聯發展有限公司(“恒嘉美聯”)

Date of initial investment: 2022
Type of deal: Private Equity
Equity ownership: 14.93%
Cost: HK\$450 million
Carrying value: HK\$450 million
Location: China
Industry: Others

Metaqi Capital Limited, a wholly-owned subsidiary of Wealthking Investments, entered into a capital injection agreement with 恒嘉美聯, with a commitment to a capital contribution of HK\$600 million to acquire 19.9% of equity interest in 恒嘉美聯. As at 30 September 2022, the capital injection has reached HK\$450 million, representing 14.93% of equity interest in 恒嘉美聯.

恒嘉美聯 established in 1999, is a comprehensive group mainly engaged in equity investment, property investment and commodity trading. 恒嘉美聯 focuses on equity investment in financial services and currently holds equity interest in more than ten companies, including 長安拓基金管理公司 and Yingkou Coastal Bank, all of which have achieved different degrees of increase in value. 恒嘉美聯 also further improves its asset allocation through property investment and international commodity trading business, which are operating well and continue to generate stable income.

Over the past 20 years since its establishment, 恒嘉美聯 has accumulated substantial investment experience and industrial layout capabilities in the fields of finance, property and commodities. With the rapid development of the Chinese economy driven by economic globalization, the Group believes that under the background of further liberalization of the financial market, 恒嘉美聯 will usher in new development opportunities, which is expected to bring medium-term returns to the Group.

Portfolio Management

As at 30 September 2022, Wealthking Investments' holdings in the portfolio management category amounted to HK\$6,580.14 million. Wealthking Investments' holdings in listed securities that fell into this category amounted to HK\$611.29 million, while debt investments amounted to HK\$2,986.21 million, and fund investments amounted to HK\$2,982.64 million. The Group added an investment of HK\$3,674.52 million and exited from listed securities and fund investments amounting to HK\$102.45 million in total in this category during the Period. 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 for the Period.

The Group invests in debt instruments with the consideration of return, risk and liquidity. For the Period, the interest rate we charged for the debt instruments, of which the borrowers were mainly investment companies, ranged from 6% to 10% as compared to 6% to 10% for the same period last year. The total interest income generated from debt instruments was HK\$84.61 million with loan tenures ranging from 6 months to 1 year, while the corresponding amount and range for the same period last year were HK\$36.71 million and 1 year to 5 years, respectively.

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

The major investment is listed as below:

Dagang Holding Group CO., LTD. (stock code: 300103.SZ) (“Dagang Holding”)

Date of initial investment: 2019
Type of deal: Listed Securities
Equity ownership: 19.9%
Cost: HK\$822.56 million
Carrying value: HK\$470.86 million
Location: China
Industry: Environment & Industrials

In June 2019, the Company 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.

In 2022, the spread of COVID-19 variants have greatly affected market development, product promotion and daily operation of Dagang Holding’s business segments. In the first half of 2022, its performance turned from profit to loss as compared to the same period of last year: from a net profit of RMB17.52 million in 1H2021 to a net loss of RMB13.24 million in 1H2022, decreasing 175.6%. As at 30 September 2022, the Group’s position in Dagang Holding stood at HK\$470.86 million, decreasing 36.4% as compared to HK\$739.78 million as at 31 March 2022 mainly due to unfavorable performance and market conditions leading to a drop in share price.

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
Cost: HK\$700 million
Carrying value: HK\$776.71 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\$776.71 million as at 30 September 2022. The increase in value was due to the capital appreciation of projects held during the Period.

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 Group 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
Cost: HK\$800 million
Carrying value: HK\$893.84 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 HK\$893.84 million as at 30 September 2022. The increase was due to the capital appreciation of projects held.

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.

青島萬峰時代領航股權投資中心 (“時代領航基金”)

Date of initial investment: 2022
Type of deal: Fund
Cost: HK\$803.08 million
Carrying value: HK\$781.42 million
Location: China
Industry: TMT

In September 2022, Wealthking Investments entered into a partnership agreement with 北京泰合萬峰投資管理有限公司 through its wholly-owned subsidiary, in order to subscribe for the interest in the limited partnership of 時代領航基金. 時代領航基金 plans to invest in the equity of non-listed companies in related industries such as cybersecurity software, the internet, artificial intelligence, integrated circuit, etc.. The scope of investment includes products such as primary equity, treasury bond, central bank bills, money market funds. The scale of 時代領航基金 is RMB2 billion, and the position of the Group in 時代領航基金 was HK\$781.42 million as at 30 September 2022.

北京泰合萬峰投資管理有限公司, the General Partner of 時代領航基金, has extensive experience, deep industry understanding and comprehensive professional technology in private equity investments and capital market. It is able to aggregate quality projects for the fund and facilitate the construction of a broader ecosystem for the invested projects. The “14th Five-Year Plan” has elevated technology and innovation to a crucial position in the whole field of China’s modernization, and comprehensively supporting the development of new generation information technology, new materials, high-end equipment, and other emerging industries at the policy level. The Group believes that the subscription of the 時代領航基金 will allow the Group to participate indirectly in the emerging technology industry investment in China and reduce the risk of direct investment through the professional management of the investment manager, which is expected to bring substantial medium-term returns to the Group.

青島泰合專精特新股權投資中心 (“專精特新基金”)

Date of initial investment: 2022

Type of deal: Fund

Cost: HK\$450.23 million

Carrying value: HK\$450.26 million

Location: China

Industry: TMT

In July 2022, Wealthking Investments entered into a partnership agreement with 北京泰合萬峰投資管理有限公司 through its wholly-owned subsidiary, in order to subscribe for the interest in the limited partnership of 專精特新基金. 專精特新基金 plans to invest in innovative non-listed companies with distinctive expertise that focus on niche markets, including energy conservation and environmental protection, fintech, new energy, Internet of Things, and other related industries. The scope of investment includes products such as primary equity, bank deposits and money market funds. The scale of 專精特新基金 is RMB790 million, and the position of the Group in 專精特新基金 was HK\$450.26 million as at 30 September 2022.

As the fund manager of 專精特新基金, 北京泰合萬峰投資管理有限公司 has obtained the registration of management institutions of privately offered investment funds from Asset Management Association of China in 2015. It has solid experiences and track records in private equity investments, as well as execution experience in business development and management across various industries. Currently, China has been continuously increasing its efforts in nurturing Specialized and Sophisticated SME, which have become an important support for China's manufacture and an essential force for stimulating innovation and optimising ecological industries. Given that 專精特新基金 will invest in Specialized and Sophisticated SME in PRC, the Group considered that subscribing 專精特新基金 will provide diversified investment opportunities and potential investment returns from different high-growth industries to the Group.

NANSHAN CAPITAL HOLDINGS LTD 7% 27-6-2023

Date of initial investment: 2022
Type of deal: Bond
Cost: HK\$975 million
Carrying value: HK\$976.34 million
Location: Hong Kong
Industry: Others

On 28 June 2022, 6 July 2022 and 25 July 2022, WK Century Holdings Limited, a wholly-owned subsidiary of Wealthking Investments, subscribed for Nanshan Bonds in the respective principal amounts of US\$33,750,000, US\$70,000,000 and US\$21,250,000. The Nanshan Bonds bear interest at the rate of 7% per annum and will mature on 27 June 2023. The issuer is Nanshan Capital Holdings Limited (“**Nanshan Capital**”), and the guarantor is Nanshan Group Co., Ltd (“**Nanshan Group**”), the parent company of Nanshan Capital. The long-term credit rating of Nanshan Group was granted an “AAA” by China Lianhe Credit Rating Co., Ltd in 2022. As at 30 September 2022, the Group’s position in Nanshan Bonds amounted to HK\$976.34 million.

Founded in 1979, Nanshan Group has formed a multi-industry development pattern led by Nanshan Aluminum, 南山智尚, Yulong Petrochemical, logistics, finance, education, tourism, technology, and healthcare after years of development. Nanshan Group is the controlling shareholder of three listed companies, including Shandong Nanshan Aluminum Co., Ltd. (600219.SH), Shandong Nanshan Fashion Sci-tech Co., Ltd (300918.SZ) and Hengtong Logistics Co., Ltd. (603223.AS). For the year ended 31 December 2021, Nanshan Group had total assets of approximately RMB149.3 billion, and annual revenue of over RMB55 billion. The Group believes that the interest rate of Nanshan Bonds is generally higher than the time deposit interest rate offered by well-known financial institutions in Hong Kong, which will enable the Group to obtain stable returns in the current turbulent economic environment.

Trading and Others

As at 30 September 2022, Wealthking Investments' holdings in the trading and others category amounted to HK\$1.24 million. Wealthking Investments' holdings in listed securities that fell into this category amounted to HK\$0.34 million, while the holdings in the other equity investment amounted to HK\$0.90 million. During the Period, 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 30 September 2022, the Group's net asset value was HK\$9,661.97 million, or HK\$1.00 per share, as compared to HK\$5,528.24 million and HK\$1.36 per share respectively as at 31 March 2022.

Gearing: The gearing ratio, which was calculated on the basis of total liabilities over total equity as at 30 September 2022, was 0.15 (31 March 2022: 0.35).

Investments in associates and joint ventures: It represents our interests in companies accounted for using equity method such as core holding company CSOP and Treasure Up, etc. Assets value stood at HK\$975.95 million as at 30 September 2022, representing an increase of 41.72% as compared to HK\$688.65 million as at 31 March 2022, mainly due to added investment of HK\$199.00 million and CSOP and Treasure Up continue have business growth during the Period.

Investments at fair value through profit and loss: It stood at HK\$6,802.61 million as at 30 September 2022, representing an increase of 30.37% as compared to HK\$5,217.87 million as at 31 March 2022, mainly attributable to the proceeds of placement carried out during the Period have been utilized to invest in projects.

Debt investments: It represents the investments in debt instruments as at 30 September 2022, which amounted to HK\$2,975.89 million. The increase of 4.83 times as compared to HK\$616.09 million as at 31 March 2022 due to the use of placement proceeds for debt investments.

Bank and cash balances: As at 30 September 2022, the Group's bank and cash balances stood at HK\$27.53 million (31 March 2022: HK\$86.40 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

Entering 2022, the global economy has gradually recovered from the impact of the COVID-19, which recovery had positively impacted on the valuation of our portfolio for the Period and our business that was interrupted by the pandemic has been restarted progressively. The Group recorded a total revenue of HK\$85.90 million during the Period, representing an increase of 75.49% as compared to HK\$48.95 million same period of last year. The Group recorded profit for the Period of HK\$213.21 million as compared to HK\$196.79 million for the same period last year. The change was primarily due to HK\$104.26 million of share of results of associates and joint ventures, HK\$21.50 million of net realised gain on some disposal/distribution of investments at fair value through profit or loss, HK\$103.53 million of reversal of provision of ECL, but offset by HK\$29.26 million of net change in unrealised loss on investments in fair value through profit or loss.

Condensed consolidated statement of profit or loss and other comprehensive income

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

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividend income ⁽¹⁾	1,038	2,629
Interest revenue ⁽²⁾	84,866	46,323
	<u>85,904</u>	<u>48,952</u>

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

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

Net change in unrealised loss on investments at fair value through profit or loss: The net change in unrealised loss of HK\$29.26 million (1H FY2021/2022: HK\$138.18 million) mainly represents the net result of (i) the unrealised loss of HK\$201.33 million on Dagang Holding, (ii) the unrealised loss of HK\$43.34 million on other listed securities, (iii) the unrealised gain of HK\$156.66 million on the investment funds, and (iv) the unrealised gain of HK\$57.14 million on the private equity investments.

Net change in unrealised gain on financial liabilities at fair value through profit or loss: The net change in unrealised gain of HK\$0.28 million (1H FY2021/2022: HK\$0.95 million) mainly represents the share of unrealised loss on co-investments by our co-investment partners.

Net realised gain/(loss) on disposal/distribution of investments: The net realised gain of HK\$21.51 million (1H FY2021/2022: loss of HK\$15.56 million) during the Period mainly represents gains from disposal of listed securities.

Reversal of provision for ECL: The reversal of provision for ECL of HK\$103.53 million for the Period (1H FY2021/2022: HK\$340.01 million) mainly due to the recovery of a debt subsequent to the Period.

Operating and administrative expenses: The total amount of HK\$41.30 million operating and administrative expenses (1H FY2021/2022: HK\$35.92 million) was mainly the result of staff costs, asset management fee, as well as legal and professional fees. The increase in operating and administrative expenses was primarily driven by brokerage commission and trading expenses as a result of subscription of listed bonds and acquisition of listed securities.

Share of profits/(losses) of associates and joint ventures: A net profit of approximately HK\$104.26 million (1H FY2021/2022: net loss of HK\$1.64 million) mainly accounted for share of results of CSOP and Treasure Up. The significant increase was due to the fact that CSOP and Treasure Up continue have strong business growth during the Period.

Other comprehensive (expense)/income: Changes in the Group's NAV, which are not accounted for in "profit for the Period", are recorded under "other comprehensive (expense)/income". The net loss of HK\$188.19 million (1H FY2021/2022: gain of HK\$13.65 million) represented the exchange differences primarily due to the depreciation of RMB. Including the "profit for the Period", the total comprehensive income for the Period was a gain of HK\$25.02 million.

DIVIDEND POLICY AND PROPOSED FINAL DIVIDEND

The Board has resolved not to pay any interim dividend in respect of the Period (1H FY2021/2022: 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 30 September 2022, the Group had bank and cash balances of HK\$27.53 million (31 March 2022: HK\$86.40 million). The Group had an aggregate of HK\$1,428.23 million loans primarily comprised of bank loans from our principal bankers, loan from a securities company, unsecured other interest-bearing borrowings and interest-free borrowings from one of the associates for a PRC potential investment as at 30 September 2022 (31 March 2022: HK\$1,844.97 million). The debt-to-equity ratio (interest-bearing external borrowings divided by shareholders' equity) stood at 14.08% (31 March 2022: 32.01%) while the debt ratio (total borrowings divided by total assets) was 12.80% (31 March 2022: 24.79%). The current ratio (current assets divided by current liabilities) was 3.69 times (31 March 2022: 1.19 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 30 September 2022, Shareholders' Equity and the total number of shares in issue of the Company stood at HK\$9.66197 billion (31 March 2022: HK\$5.52824 billion) and 9,630,904,000 (31 March 2022: 4,061,316,000), respectively.

MATERIAL ACQUISITIONS AND DISPOSALS OF INVESTMENTS

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

	New/ Additional Investment <i>(HK\$ million)</i> (unaudited)	Divestment/ Disposal <i>(HK\$ million)</i> (unaudited)
Private Equity	677.55 ⁽¹⁾	–
Portfolio Management		
— Listed security	68.64 ⁽²⁾	56.68 ⁽³⁾
— Debt instrument	2,301.70 ⁽⁴⁾	–
— Others	1,304.18 ⁽⁵⁾	45.77 ⁽⁶⁾
Trading and others	4.08 ⁽⁷⁾	22.63 ⁽⁸⁾
	<u>4,356.15</u>	<u>125.08</u>
Total	<u><u>4,356.15</u></u>	<u><u>125.08</u></u>

(1) HK\$199.00 million represents the Group's investment in a joint venture during the Period, the remaining are investments in other private equity investments totaling HK\$478.55 million.

(2) HK\$68.64 million represents the Group's investments in 2 listed securities during the Period.

(3) HK\$56.68 million represents the Group's divestments from 4 listed securities during the Period.

(4) Of the HK\$2,301.70 million, HK\$975.00 million was invested in a listed bond, the remaining of HK\$1,326.70 million represents investments in 7 unlisted debt investments.

(5) HK\$1,304.18 million represents the Group's investments in fund investments.

(6) HK\$45.77 million represents the Group's divestment from a fund investment.

(7) HK\$4.08 million represents the Group's investments in 2 listed securities.

(8) HK\$22.63 million represents the Group's divestments from 12 listed securities.

SEGMENT INFORMATION

Segment information of the Group is set out in note 4 on pages 6 to 7 of this announcement.

ADVANCE TO ENTITY

On 28 June 2022, 6 July 2022 and 25 July 2022, the Company through its wholly owned subsidiary subscribed for guaranteed bonds due 2023 (the “**Bonds**”) issued by Nanshan Capital Holdings Limited (the “**Bond Issuer**”) in the respective principal amount of US\$33,750,000 (equivalent to approximately HK\$263,250,000), US\$70,000,000 (equivalent to approximately HK\$546,000,000) and US\$21,250,000 (equivalent to approximately HK\$165,750,000). As at 30 September 2022, the balances due from the Bond Issuer in respect of the subscription of the Bonds (excluding any accrued interest) amounted to US\$125,000,000 (equivalent to approximately HK\$981,250,000). The Bonds bear interest at the rate of 7% per annum and will mature on 27 June 2023. Nanshan Group Co., Ltd will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Bond Issuer under the Bonds and the trust deed(s) constituting the Bonds.

EMPLOYEES

As of 30 September 2022, the Group had 33 employees (31 March 2022: 32), inclusive of all Directors of the Group and its subsidiaries. Total staff costs including equity-settled share-based payments for the Period amounted to HK\$8.34 million (1H FY2021/22: HK\$8.07 million). The Group’s remuneration policies are in line with market practices and are determined on the basis of the performance and experience of individual employees.

SHARE OPTION SCHEME

During the Period, the Board 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 (1H FY2021/22: nil). As at 30 September 2022 there were 16,000,000 (31 March 2022: 16,000,000) share options that remained outstanding under the share option scheme.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

As at 30 September 2022 the Group was exposed to foreign exchange risk arising from financial instruments that are monetary items including investments at fair value through profit or loss, interest receivables, loans and other receivables, bank balances, borrowings and lease liabilities and other payables (31 March 2022: investments at fair value through profit or loss, prepaid consideration for equity investment, loans and other receivables, bank balances and other payables). These assets were denominated in RMB and the maximum exposure to foreign exchange risk was RMB1,778.06 million, equivalent to HK\$1,962.44 million (31 March 2022: RMB1,178.34 million, equivalent to HK\$1,450.30 million).

As at 30 September 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 30 September 2022, save as certain listed securities of the Group being used to secure the Group's margin securities trading and certain interests in associates and bonds are pledged for the Group's bank loans, there were no charges on Group's assets.

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

As at 30 September 2022, there were no plans for material investments or capital assets, but the Group may, at any point, be negotiating potential investments. The Company considers new investments as part of its daily business, and therefore management may publically announce these plans as they become necessarily disclosable to shareholders during the course of the financial year.

USE OF PROCEEDS FROM ISSUE OF EQUITY SECURITIES

The May 2022 Subscription

On 30 May 2022, the Company issued and allotted an aggregate of 1,630,434,783 ordinary new shares (the “**May 2022 Subscription Shares**”), as to 978,260,870 shares to Bright Victory International Limited (“**Bright Victory**”) and 652,173,913 shares to Grand Link Finance Limited (“**Grand Link**”), the nominee of Mr. Wang Delian (“**Mr. Wang**”), 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 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) was HK\$163,043,478.3. The market value of the May 2022 Subscription Shares was approximately HK\$1,304,347,826 based on the closing price of HK\$0.8 per share as quoted on the Stock Exchange on the date of the subscription agreements.

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 was also a substantial shareholder of the Company, was intended to be a long-term strategic partner to the Company with continued capital support to fund the investment plans of the Group, bringing strategic value to the Company. It also showed 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 focused on art business markets. It was considered that the introduction of Grand Link as a shareholder of the Company would enable the Company to leverage Mr. Wang’s connection in the market with high-quality investors.

The aggregate net proceeds of the May 2022 Subscription Shares, after 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 net proceeds from the May 2022 Subscription Shares were used for the following purposes:

Net proceeds raised	Use of the net proceeds during the reporting period
HK\$1,499 million	100% of net proceeds were used for investment, including: (i) approximately 58.66% was used for debt investments; (ii) approximately 13.27% was used for equity commitment for a joint venture entity; and (iii) approximately 28.07% was used for loans to the joint venture.

The July 2022 Subscription

On 19 July 2022, the Company issued and allotted an aggregate of 812,263,200 ordinary new shares (the “**July 2022 Subscription Shares**”) to Hong Sheng Universe Limited (“**Hong Sheng**”) at a subscription price of HK\$0.5 per share for a total cash consideration of HK\$406,131,600 pursuant to the subscription agreement entered into with Hong Sheng on 27 June 2022. The aggregated nominal value of the July 2022 Subscription Shares (with a par value of HK\$0.1 each) was HK\$81,226,320. The market value of the July 2022 Subscription Shares was approximately HK\$381,763,704 based on the closing price of HK\$0.47 per share as quoted on the Stock Exchange on the date of the subscription agreement.

As disclosed in the announcement of the Company dated 27 June 2022, the Company devoted to capture valuable investment opportunities in order to enhance the Company’s profitability and create value for Shareholders. Having considered that the business and financial activities in China which has been restoring gradually in 2022 and there was a potential rebound of growth in economy, the Company was cautiously optimistic on and prospects of the securities and investment markets in China. During the course of preparing the investment plans for using the proceeds from the May 2022 Subscription Shares, the Group has identified more investment opportunities and decided to grasp those potential investment projects after conducting due diligence. As at 27 June 2022, the Group has identified certain investment opportunities in the sectors such as environment and industrials, technology, media and telecom and debt, bonds and funds and other instruments. These potential investment opportunities are long-term core investments in companies and mid- or short-term investments in the secondary market and debt market which are expected to contribute mid- and short-term returns to the Group. The Board was of the view that the fund raised from the July 2022 Subscription would enable the Group to capture those potential investment opportunities and enhance the profitability of the Company. In addition, the July 2022 Subscription could enhance the capital and shareholders’ base of the Company for long-term development and further strengthen its financial position.

The aggregate net proceeds of the July 2022 Subscription Shares, after deduction of all relevant fees and expenses, was approximately HK\$406 million representing a net subscription price of approximately HK\$0.5 per share. The net proceeds from the July 2022 Subscription Shares were used for the following purposes:

Net proceeds raised	Use of the net proceeds during the reporting period
HK\$406 million	100% of net proceeds were used for fund investment with a potential investment portfolio comprising (a) private equity investments in sectors involving energy conservation, fintech, cultural and entertainment, new energy, Internet of Things and new generation information technology; (b) bank deposit; and (c) investments in money market funds.

The September 2022 Subscription

On 27 September 2022, the Company issued and allotted an aggregate of 1,605,150,622 ordinary new shares (the “**September 2022 Subscription Shares**”) to Acorn Harvest Holdings Limited (“**Acorn Harvest**”) at a subscription price of HK\$0.5 per share for a total cash consideration of HK\$802,575,311 pursuant to the subscription agreement entered into with Acorn Harvest on 5 September 2022. The aggregated nominal value of the September 2022 Subscription Shares (with a par value of HK\$0.1 each) was HK\$160,515,062.20. The market value of the September 2022 Subscription Shares was approximately HK\$738,369,286 based on the closing price of HK\$0.46 per share as quoted on the Stock Exchange on the date of the subscription agreement.

As a Chapter 21 investment company, the Company has been devoted to capturing valuable investment opportunities in order to enhance the Company’s profitability and create value for Shareholders. As at 5 September 2022, the Company had identified several potential investment opportunities in private equity companies engaging in computer chips design, research and development of artificial intelligence computing power, holistic medical care and total solution provider for high-end product design, manufacturing and durability testing. In the interest of portfolio diversification, the Company has been seeking investment opportunities in debt investments, bonds and funds since the second half of 2021, and had identified a fund with a portfolio investment comprising equity investments in sectors such as internet security software, internet, fintech, artificial intelligence, new energy, integrated circuit, green technology and entertainment and media. These potential investment opportunities were expected to contribute mid- and short-term returns to the Group. The Board was of the view that the fund raised from the September 2022 Subscription would enable the Group to capture one or more of those potential investment opportunities and enhance the profitability of the Company. In addition, the September 2022 Subscription could enhance the capital and shareholders’ base of the Company for long-term development and further strengthen its financial position.

The aggregate net proceeds of the September 2022 Subscription Shares, after deduction of all relevant fees and expenses, was approximately HK\$802 million, representing a net subscription price of approximately HK\$0.5 per share. The net proceeds from the September 2022 Subscription Shares were used for the following purposes:

Net proceeds raised	Use of the net proceeds during the reporting period
HK\$802 million	100% of net proceeds were used for fund investment with a potential investment portfolio comprising (a) private equity investments in sectors involving internet security software, internet, fintech, artificial intelligence, new energy, integrated circuit, green technology and entertainment and media; (b) investments in private equity funds; (c) bank deposit; (d) investments in money market funds; (e) bonds; and (f) central bank bills.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

EVENTS AFTER THE REPORTING PERIOD

Pursuant to an ordinary resolution passed at the extraordinary general meeting (the "EGM") of the Company on 17 November 2022, the Directors were granted a general mandate to allot and issue no more than 1,926,180,747 Shares, being 20% of the total number of the issued Shares as at the date of passing of the ordinary resolution at the EGM.

CORPORATE GOVERNANCE CODE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

DIRECTORS’ RIGHTS TO ACQUIRE SHARES AND DEBENTURES

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

AUDIT COMMITTEE

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

REVIEW OF INTERIM FINANCIAL INFORMATION

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

FORWARD-LOOKING STATEMENTS

This interim results 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 INTERIM RESULTS AND INTERIM RESULTS
ANNOUNCEMENT ON THE WEBSITES OF THE STOCK EXCHANGE AND
THE COMPANY**

The interim results announcement is published on the website of the Stock Exchange and that of the Company (www.wealthking.com.hk). The interim results announcement will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and that of the Company in due course.

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

Hong Kong SAR, 25 November 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.