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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 2023**

#### **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 2023 (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 2023*

	<i>Note</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Turnover	3	<u><b>469,589</b></u>	<u>271,503</u>
<b>Revenue</b>	3	<b>192,741</b>	93,929
Other income		<b>255</b>	1,302
Net change in unrealised (loss)/gain on investments at fair value through profit or loss arising from			
— listed investments		<b>(220,907)</b>	(135,915)
— unlisted investments		<b>142,300</b>	(130,465)
		<b>(78,607)</b>	(266,380)
Net realised (loss)/gain on disposal/ distribution of investments arising from			
— listed investments		<b>(2,451)</b>	5,197
— unlisted investments		<b>(5,734)</b>	95
		<b>(8,185)</b>	5,292

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
Net change in unrealised gain on financial liabilities at fair value through profit or loss		<b>611</b>	2,011
Reversal of provision for expected credit losses		<b>108,967</b>	460,367
Operating and administrative expenses		<b>(78,769)</b>	(49,476)
<b>Operating profit</b>		<b>137,013</b>	247,045
Finance costs		<b>(75,031)</b>	(34,563)
Share of profits of associates and joint ventures		<b>87,541</b>	4,678
<b>Profit before tax</b>		<b>149,523</b>	217,160
Income tax (expense)/credit	5	<b>(3,140)</b>	4,113
<b>Profit for the year attributable to owners of the Company</b>	6	<b>146,383</b>	221,273
<b>Other comprehensive (expense)/income:</b> <i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>(117,719)</b>	35,082
Share of associate's — Exchange differences on translating foreign operations		<b>(1,733)</b>	1,241
<b>Other comprehensive (expense)/income for the year, net of income tax</b>		<b>(119,452)</b>	36,323
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>26,931</b>	257,596
<b>Earnings per share (HK\$)</b>			
— Basic	8	<b>0.02</b>	0.06
— Diluted	8	<b>0.02</b>	0.06

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Note	2023 HK\$'000	2022 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Equipment		4,178	5,382
Right-of-use assets		11,409	26,686
Intangible assets		782	782
Investments in associates and joint ventures		921,863	688,650
Investments at fair value through profit or loss		4,600,522	4,002,039
Debt investments		199,865	–
Prepaid consideration		–	449,779
		<u>5,738,619</u>	<u>5,173,318</u>
<b>Current assets</b>			
Investments at fair value through profit or loss		2,057,701	1,215,826
Debt investments		3,167,597	616,093
Accounts and loans receivables	9	114,516	263,381
Interest receivables		121,854	50,231
Prepayments, deposits and other receivables		57,558	15,968
Pledged bank deposits		–	20,000
Bank and cash balances		108,360	86,396
		<u>5,627,586</u>	<u>2,267,895</u>
<b>TOTAL ASSETS</b>		<u><b>11,366,205</b></u>	<u><b>7,441,213</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		1,052,032	406,132
Reserves		8,958,723	5,122,112
<b>Total equity</b>		<u><b>10,010,755</b></u>	<u><b>5,528,244</b></u>

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payables	<i>10</i>	<b>50</b>	57
Other payables		<b>39,926</b>	19,180
Financial liabilities at fair value through profit or loss		<b>2,225</b>	2,879
Borrowings	<i>11</i>	<b>1,280,393</b>	1,844,969
Lease liabilities		<b>7,056</b>	23,605
Current tax liabilities		<b>17,818</b>	14,678
		<u><b>1,347,468</b></u>	<u>1,905,368</u>
<b>Net current assets</b>		<u><b>4,280,118</b></u>	<u>362,527</u>
<b>Non-current liabilities</b>			
Financial liabilities at fair value through profit or loss		<b>1,667</b>	1,676
Lease liabilities		<b>6,315</b>	5,925
		<u><b>7,982</b></u>	<u>7,601</u>
<b>Total liabilities</b>		<u><b>1,355,450</b></u>	<u>1,912,969</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>11,366,205</b></u>	<u>7,441,213</u>
<b>NET ASSETS</b>		<u><b>10,010,755</b></u>	<u>5,528,244</u>
<b>Net asset value per share</b>	<i>12</i>	<u><b>HK\$0.95</b></u>	<u>HK\$1.36</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, Umland House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business is Room 3910-13, 39/F, COSCO Tower, Grand Millennium Plaza, 183 Queen's Road 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 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 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividend income	1,038	2,654
Interest revenue	<u>191,703</u>	<u>91,275</u>
Total revenue	192,741	93,929
Gross sales proceeds from disposal/redemption of investments at fair value through profit or loss	<u>276,848</u>	<u>177,574</u>
Turnover	<u><u>469,589</u></u>	<u><u>271,503</u></u>

#### 4. SEGMENT INFORMATION

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

	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
<i>Revenue</i>		
— Hong Kong	137,556	30,912
— Mainland China	51,546	42,022
— United States of America	3,639	20,995
	<u>192,741</u>	<u>93,929</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 loan receivables is based on location of provision of credit.

##### Non-current assets other than financial instruments

	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Hong Kong	330,451	135,541
Mainland China	606,999	585,177
United States of America	782	782
	<u>938,232</u>	<u>1,201,500</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Debt investment A	51,016	–
Debt investment B	28,258	17,440
Debt investment C	23,405	–
Debt investment D	#	14,795
Debt investment E	#	10,141
Debt investment F	#	10,275
Borrower G	#	11,330

# The amount of revenue from the debt investments and loan receivables was less than 10% of the total revenue for the relevant year.

## 5. INCOME TAX (EXPENSE)/CREDIT

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
— People's Republic of China ("PRC") Enterprise Income Tax, provision for the year	(3,140)	–
Deferred tax	–	4,113
	<u>(3,140)</u>	<u>4,113</u>

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2023 and 2022 as the Group did not generate any assessable profits arising in Hong Kong during those years.

The income tax provision of the Group in respect of operations in the PRC was calculated at the tax rate of 25% on the assessable profits for the year ended 31 March 2023, based on existing legislation, interpretation and practices in respect thereof. No income tax provision for the year ended 31 March 2022 as the Group did not generate any assessable profits arising in the PRC during that year.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit before tax	<u>149,523</u>	<u>217,160</u>
Tax at the weighted average tax rate	29,307	(68,199)
Tax effect of income not taxable for tax purpose	34,262	120,083
Tax effect of expenses not deductible for tax purpose	(61,010)	(46,954)
Tax effect of tax losses not recognised	(5,342)	(251)
Tax effect of temporary differences not recognised	<u>(357)</u>	<u>(566)</u>
Income tax (expense)/credit	<u><u>(3,140)</u></u>	<u><u>4,113</u></u>

## 6. PROFIT FOR THE YEAR

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Depreciation of equipment	4,843	6,283
Depreciation of right-of-use assets	22,934	31,117
Loss on disposal of equipment	–	157
Auditor's remuneration		
— Audit services	1,350	1,350
— Non-audit services	<u>118</u>	<u>118</u>
	<u>1,468</u>	<u>1,468</u>
Reversal of provision for expected credit losses ("ECL")		
— Debt investments	(96,157)	(417,807)
— Accounts, loans, interest and other receivables	<u>(12,810)</u>	<u>(42,560)</u>
	<u>(108,967)</u>	<u>(460,367)</u>
Staff costs including Directors' emoluments		
— Salaries and other benefits	16,651	18,211
— Equity-settled share-based payments	–	828
— Retirement benefits scheme contributions	<u>377</u>	<u>273</u>
	<u><u>17,028</u></u>	<u><u>19,312</u></u>

## 7. DIVIDEND

No dividends was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2023, nor has any dividend been proposed at the end of the reporting period (2022: nil).



## 8. EARNINGS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Earnings</b>		
Earnings for the purpose of calculating basic and diluted earnings per share	<u>146,383</u>	<u>221,273</u>
	2023 <i>'000</i>	2022 <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	<u>8,120,866</u>	<u>3,436,620</u>
	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Basic and diluted earnings per share	<u>0.02</u>	<u>0.06</u>

The effect of all potential ordinary shares are anti-dilutive for the year ended 31 March 2023.

## 9. ACCOUNTS AND LOANS RECEIVABLES

		2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Unsecured loans	<i>(a)</i>	45,102	186,404
Accounts receivables	<i>(b)</i>	1,089	1,089
Amounts due from associates, joint ventures and related companies	<i>(c)</i>	26,789	29,154
Dividend receivables	<i>(d)</i>	41,536	46,734
		<u>114,516</u>	<u>263,381</u>

Notes:

(a)	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Unsecured loans to third parties	47,344	196,295
Less: provision for ECL	<u>(2,242)</u>	<u>(9,891)</u>
	<u><b>45,102</b></u>	<u><b>186,404</b></u>

Unsecured loans of RMB41,457,000, equivalent to HK\$47,344,000, (2022: RMB159,486,000, equivalent to HK\$196,295,000) are provided to 1 third party (2022: 2 third parties) established in the PRC with interest rate of 8.00% per annum (“p.a.”). ECL of RMB1,963,000, equivalent to HK\$2,242,000 (2022: ECL of RMB8,036,000, equivalent to HK\$9,891,000), is recognised against the unsecured loans as at 31 March 2023 based on estimated recoverable amount determined by reference to an analysis of the counterparty’s current operation.

Repayment of RMB118,029,000, equivalent to HK\$134,270,000, was received during the year ended 31 March 2023. 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 2023, reversal of provision for ECL of RMB6,073,000, equivalent to HK\$6,909,000 (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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Unbilled	<u><b>1,089</b></u>	<u><b>1,089</b></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 2023, in view of the uncertainty on the recoverability of the amount due from one of the associates, provision for ECL of HK\$2,461,000 (2022: reversal of provision for ECL of HK\$3,262,000) was recognised in profit or loss.

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

## 10. ACCOUNTS PAYABLES

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Over 1 year	<u>50</u>	<u>57</u>

## 11. BORROWINGS

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Securities margin trading borrowing	<i>(a)</i>	90,768	200,150
Secured borrowings from banks	<i>(b)</i>	648,731	97,500
Unsecured other borrowings			
— Interest bearing	<i>(c)</i>	470,889	1,471,871
— Non-interest bearing	<i>(d)</i>	70,005	75,448
		<u>1,280,393</u>	<u>1,844,969</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, certain interests in an associate and debt investment and repayable within 1 year.
- (c) Interest-bearing other borrowings of HK\$470,889,000 (2022: HK\$71,871,000) are unsecured, interest bearing from 7.00% to 7.75% (2022: 8.00% to 16.00%) p.a. and repayable within 1 year.

As at 31 March 2022, unsecured interest-bearing other borrowing of HK\$1,400,000,000 was borrowed from a company incorporated in BVI which is ultimately controlled by Dr. LIU Zhiwei, the executive director of the Company, interest bearing at 2.50% p.a.. Such borrowing was capitalised as share capital on 30 May 2022.

- (d) Non-interest bearing borrowing represents RMB61,300,000, equivalent to HK\$70,005,000 (2022: HK\$75,448,000), 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 repayable on demand.
- (e) The average effective interest rate of bank and other borrowings as at 31 March 2023 was 7.63% (2022: 7.86%) p.a..

## 12. NET ASSET VALUE PER SHARE

The net asset value per share is calculated by dividing the net asset value of the Group as at 31 March 2023 of HK\$10,010,755,000 (2022: HK\$5,528,244,000) by the number of ordinary shares in issue at that date, being 10,520,324,505 (2022: 4,061,316,000).

## **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.

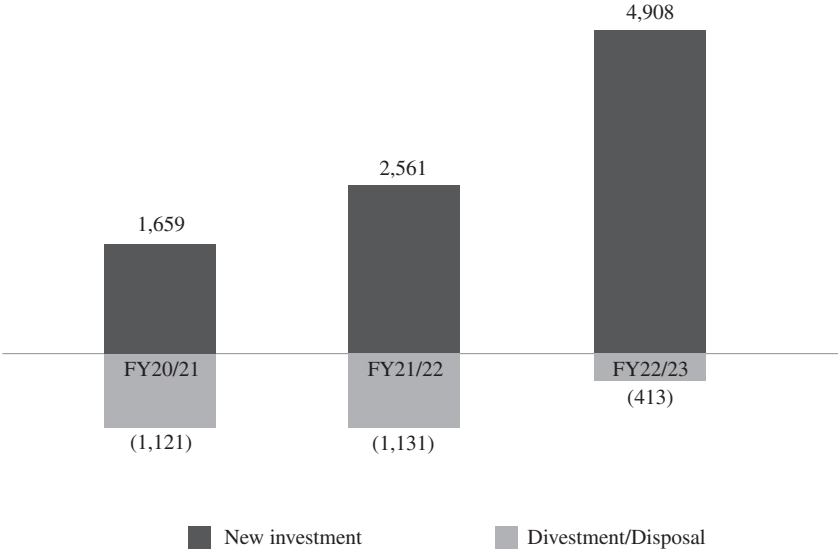
### **INVESTMENT REVIEW**

#### **Investment Activities**

During the Year (the twelve months ended 31 March 2023, same as below), The conflict between Russia and Ukraine has disrupted the global supply chain while high inflation has driven the increase of interest rates by the Fed, resulting in a slowdown in the growth of major economies around the globe and large fluctuations in the international capital market. Confronted by the challenging market environment, Wealthking Investments has relied on its flexibility to make adjustment on its investment strategy by increasing the fixed-income investment in portfolio management category and actively capturing the investment opportunities in the bond market to create more stable returns for the Company. In addition, under the complex and ever-changing economic situation, we are also striving to identify certain industrial trends and fix our attention to the emerging technology fields while continuing to strengthen strategic execution in the technology field.

During the Year, 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\$4,908.13 million during the Year, mainly through private equity, debt investments, funds as well as listed securities, and our divestment amounted to HK\$412.87 million, mainly derived from listed securities, funds, private equity investments and debt investments.

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

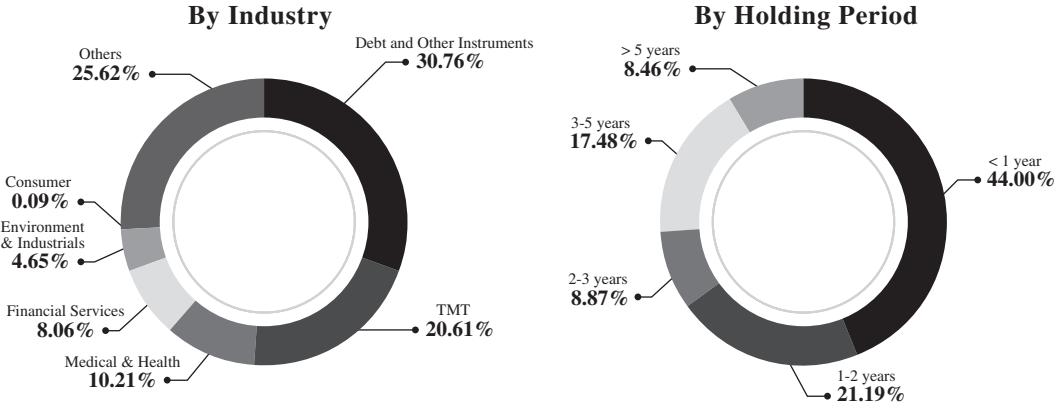


**Portfolio Breakdown**

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 investments 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 2023, 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 69.64% 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 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 2023, Wealthking Investments’ holdings in private equity category amounted to HK\$4,035.09 million.

## Long-Term Core Holding

As of 31 March 2023, 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\$1,096.07 million as at 31 March 2023. 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\$945.85 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 2023, the Group owned 7.73% of equity interests in iCarbonX and the carrying value of the position stood at HK\$945.85 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.

In 2022, under the vision of continuing the construction of Digital Life ecosystem, iCarbonX continues to focus on business direction. Focusing on the unique peptide chip, which is a bias-free protein binding technology, iCarbonX will focus on the development of peptide drugs, in vitro diagnostics, smart chip manufacturing, medical and technology services in the future.

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\$110.32 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 2023, Wealthking Investments owned 22.5% of the issued capital of CSOP, of which the carrying value stood at HK\$110.32 million, increasing 6.34% or HK\$6.58 million, as compared to HK\$103.74 million as at 31 March 2022, such change is due to 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 is committed to providing investors with a flexible and efficient asset allocation tool through simple, transparent, and innovative products. As of December 2022, the scale of asset management of CSOP exceeded US\$12.6 billion.



CSOP has performed particularly well in issuing and innovating ETFs, and has demonstrated its competitiveness in the market. Among the top 10 most actively traded ETPs listed on the Hong Kong Stock Exchange, CSOP's products account for six of them. In addition, among all Hong Kong Leveraged and Inverse Products, CSOP's Leveraged and Inverse Products have a market share of over 96.6% in terms of size and 99.3% in terms of average daily turnover.

CSOP have launched a total of seven new products in Hong Kong in 2022, including the first Metaverse Concept ETF in Hong Kong, the first Bitcoin Futures ETF in Asia and the first Ether Futures ETF in the world, which help investors capture multiple market opportunities. Meanwhile, CSOP became one of the first companies to participate in the mutualisation of ETF products between the Singapore Exchange (SGX) and the Shenzhen Stock Exchange (SZSE). Under the Shenzhen-Singapore ETF Product Interoperability Programme, the CSOP CSI STAR AND CHINEXT 50 INDEX ETF was listed on the Singapore Exchange on 30 December 2022.

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\$39.9 million  
Location: Hong Kong  
Industry: Financial Services

As at 31 March 2023, Wealthking Investments owned 30% of the issued ordinary shares and 100% of the non-voting preference shares of OPIM, the position of the Group in OPIM stood at HK\$39.9 million. OPIM managed over 35 funds as at the end of 2022, and the scale of fund managed was over US\$1.5 billion.

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\$2,939.02 million as at 31 March 2023. The Group added new investments of HK\$679.51 million 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\$970.52 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 31 March 2023, the Group's position in Jiedaibao stood at HK\$970.52 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 several 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\$436.84 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 2023, the Group’s position in BITIC stood at HK\$436.84 million, increasing HK\$42.49 million, as compared to HK\$394.35 million as of 31 March 2022. The increase was primarily attributable to the recovery of the global market, as a result of increase the valuation of companies in the same industry.

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.

## 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: 14.9%  
Cost: HK\$450 million  
Carrying value: HK\$447.44 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 31 March 2023, the capital injection has reached HK\$450 million, representing 14.9% 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 31 March 2023, Wealthking Investments' holdings in the portfolio management category amounted to approximately HK\$6,911.54 million. Wealthking Investments holds listed securities included in this category amounted to HK\$534.01 million, debt investments amounted to HK\$3,377.00 million, fund investments amounted to HK\$3,000.53 million. The Group added an investment of HK\$4,224.53 million and exited from listed securities, fund investments, and debt investments amounting to HK\$364.30 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 changes 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 9% as compared to 6% to 10% for the same period last year. The total interest income generated from debt instruments was HK\$191.40 million with loan tenures ranging from 6 months to 2 years, while the corresponding amount and range for the same period last year were HK\$91.11 million and 1 year to 2 years, respectively.

Wealthking Investments maintains regular communication with bond 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 loss provisions.

The major investments are listed as below:

### **NANSHAN CAPITAL HOLDINGS LTD 7% 27-6-2023**

Date of initial investment: 2022

Type of deal: Bond

Cost: HK\$975 million

Carrying value: HK\$975.72 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 31 March 2023, the Group’s position in Nanshan Bonds amounted to HK\$975.72 million.

The bonds were subsequently fully redeemed. Details please refer to paragraphs under subsection headed “Events After The Reporting Year”.

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. As a large-scale integrated group enterprise focusing on aluminum further fabrication in China, Nanshan Group has significant advantages in terms of industry status, completeness of the industrial chain, research and development strength and capacity utilisation level. 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). 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.

### **Ninth Eternity Asia Fund LP**

Date of initial investment: 2021

Type of deal: Fund

Cost: HK\$700 million

Carrying value: HK\$779.00 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\$779.00 million as at 31 March 2023.

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\$895.87 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\$895.87 million as at 31 March 2023.

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\$808.30 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\$808.30 million as at 31 March 2023.

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\$444.86 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\$444.86 million as at 31 March 2023.

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.

## **Dagang Holding Group CO., LTD. (Stock code: 300103.SZ, “Dagang Holding”)**

Date of initial investment: 2019  
Type of deal: Listed Securities  
Equity ownership: 18.9%  
Cost: HK\$781.23 million  
Carrying value: HK\$452.43 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, due to the overall downturn of the road machinery market in China, the performance of the high-end road equipment research and manufacturing segment of Dagang Holding declined year-on-year. Meanwhile, the performance of the integrated recycling segment of hazardous waste and solid waste was also affected by the delay in the completion of the technical reform of the production line. As a result of a combined effect of various factors, Dagang Holding’s results for the year 2022 decreased significantly year-on-year. In 2022, Dagang Holding achieved total operating revenue of RMB390 million, representing a decrease of 61.02% as compared to the corresponding period of the last year, and achieved a net loss attributable to shareholders of the listed company of RMB340 million, representing a decrease of 1355.31% as compared to the corresponding period of the last year. As at 31 March 2023, the Group’s position in Dagang Holding stood at HK\$452.43 million, representing 18.9% of equity interest in Dagang Holding, decreasing 38.84% as compared to HK\$739.78 million as at 31 March 2022 mainly due to 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.

## **TRADING AND OTHERS**

As at 31 March 2023, Wealthking Investments’ holdings in the trading and others category amounted to HK\$0.91 million. Wealthking Investments’ holdings in listed securities that fell into this category amounted to HK\$0.46 million, while the holdings in the other equity investment amounted to HK\$0.45 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 2023, the Group's net asset value was HK\$10,010.76 million, or HK\$0.95 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 31 March 2023, was 0.14 (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\$921.86 million as at 31 March 2023, representing an increase of 33.86% as compared to HK\$688.65 million as at 31 March 2022, mainly due to added investment of HK\$199.00 million and CSOP continues have business growth during the Year.

*Investments at fair value through profit and loss:* It stood at HK\$6,658.22 million as at 31 March 2023, representing an increase of 27.60% as compared to HK\$5,217.87 million as at 31 March 2022, mainly attributable to the proceeds of placement carried out during the Year have been utilized to invest in projects.

*Debt investments:* It represents the investments in debt instruments as at 31 March 2023, which amounted to HK\$3,367.46 million. The increase of 5.47 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 31 March 2023, the Group's bank and cash balances stood at HK\$108.36 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

The Group recorded a total revenue of HK\$192.74 million during the Year, representing an increase of 105.20% as compared to HK\$93.93 million same period of last year. The Group recorded profit for the Year of HK\$146.38 million as compared to HK\$221.27 million for the same period last year. Current year's results comprised of HK\$78.61 million of net change in unrealised loss on investments at fair value through profit or loss, but offset by HK\$87.54 million of share of profits of associates and joint ventures and HK\$108.97 million of reversal of provision for ECL.

## Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
Dividend income <sup>(1)</sup>	1,038	2,654
Interest revenue <sup>(2)</sup>	191,703	91,275
	<u>192,741</u>	<u>93,929</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 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\$78.61 million (FY2021/2022: HK\$266.38 million) mainly represents the net results of unlisted investment funds, private equity investments and listed securities with unrealised loss of HK\$343.26 million, but offset by unrealised gain of HK\$264.65 million.

*Net change in unrealised gain on financial liabilities at fair value through profit or loss:* The net change in unrealised gain of HK\$0.61 million (FY2021/2022: HK\$2.01 million) mainly represents the share of unrealised loss on co-investments by our co-investment partners.

*Net realised (loss)/gain on disposal/distribution of investments:* The net realised loss of HK\$8.19 million (FY2021/2022: gain of HK\$5.29 million) during the Year was mainly related to the disposal of listed securities and unlisted investment funds.

*Reversal of provision for ECL:* The reversal of provision for ECL of HK\$108.97 million for the Year (FY2021/2022: HK\$460.37 million) mainly due to the fully recovery of a debt and the change in the provision rate of ECL during the Year.

*Operating and administrative expenses:* The total amount of HK\$78.77 million operating and administrative expenses (FY2021/2022: HK\$49.48 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 exchange differences due to the depreciation of RMB, as well as brokage commission and trading expenses as a result of subscription of listed bond and acquisition of listed securities.

*Share of profits of associates and joint ventures:* A net profit of HK\$87.54 million (FY2021/2022: HK\$4.68 million) mainly accounted for share of results of CSOP and Treasure Up. The significant increase was due to the fact that CSOP continues have strong business growth during the Year. Of which, CSOP declared a dividend of HK\$41.54 million during the Year.

*Other comprehensive (expense)/income:* Changes in the Group's NAV, which are not accounted for in "profit for the Year", are recorded under "other comprehensive (expense)/income". The net loss of HK\$119.45 million (FY2021/2022: gain of HK\$36.32 million) represented the exchange differences primarily due to the depreciation of RMB. Including the "profit for the Year", the total comprehensive income for the Year was a gain of HK\$26.93 million (FY2021/2022: HK\$257.60 million).

## **DIVIDEND POLICY AND PROPOSED FINAL DIVIDEND**

In considering whether to declare and/or recommend the payment of dividends to the Shareholders, the Board will take into account factors including but not limited to the Group's overall financial position; cash flow; future operating and administrative expenses; future investment plans; the regional and global economic conditions and other factors that may have an impact on the investment market. The Board has resolved not to pay any final dividend in respect of the Year (FY2021/22: nil).

## **LIQUIDITY AND FINANCIAL RESOURCES**

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

As at 31 March 2023, the Group had bank and cash balances of HK\$108.36 million (31 March 2022: HK\$86.40 million). The Group had an aggregate of HK\$1,280.39 million (31 March 2022: HK\$1,844.97 million) loans primarily comprised of bank loans from our principal bankers, loan from a securities company, unsecured other interest-bearing borrowings from third parties and interest-free borrowings from one of the associates for a PRC potential investment as at 31 March 2023. The debt-to-equity ratio (interest-bearing external borrowings divided by shareholders' equity) stood at 12.09% (31 March 2022: 32.01%) while the debt ratio (total borrowings divided by total assets) was 11.26% (31 March 2022: 24.79%). The current ratio (current assets divided by current liabilities) was 4.18 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 31 March 2023, Shareholders' Equity and the total number of shares in issue of the Company stood at HK\$10.01076 billion (31 March 2022: HK\$5.52824 billion) and 10,520,324,505 (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 Year.

	<b>New/ Additional Investment</b> <i>(HK\$ million)</i>	<b>Divestment/ Disposal</b> <i>(HK\$ million)</i>
Private Equity	679.51 <sup>(1)</sup>	25.94 <sup>(6)</sup>
Portfolio Management		
— Listed securities	68.64 <sup>(2)</sup>	139.98 <sup>(7)</sup>
— Debt instruments	2,857.75 <sup>(3)</sup>	178.55 <sup>(8)</sup>
— Others	1,298.14 <sup>(4)</sup>	45.77 <sup>(9)</sup>
Trading and others	4.08 <sup>(5)</sup>	22.63 <sup>(10)</sup>
<b>Total</b>	<u>4,908.12</u>	<u>412.87</u>

(1) HK\$199 million represents the Group's investment in a joint venture during the Year, the remaining are investments in other private equity investments totaling HK\$480.51 million.

(2) Represents the Group's investments in 2 listed securities during the Year.

(3) Of the HK2,857.75 million, HK\$975 million was invested in a listed bond, the remaining of HK\$1,882.75 million represents investments in 11 unlisted debt investments.

(4) Represents the Group's investments in 5 fund investments.

(5) Represents the Group's investments in 2 listed securities.

(6) Represents the Group's divestment from a private equity investment.

(7) Represents the Group's divestments from 5 listed securities during the Year.

(8) Represents the Group's 3 debt investments during the Year.

(9) Represents the Group's divestment from a fund investment.

(10) Represents the Group's divestments from 12 listed securities.

## **SEGMENT INFORMATION**

Segment information of the Group is set out in note 4 on page 6 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 “2022 Bonds”) issued by Nanshan Capital in the respective principal amount of US\$33,750,000 (equivalent to HK\$263,250,000), US\$70,000,000 (equivalent to HK\$546,000,000) and US\$21,250,000 (equivalent to HK\$165,750,000). As at 31 March 2023, the balances due from Nanshan Capital in respect of the subscription of the 2022 Bonds (excluding any accrued interest and provision for ECL) amounted to US\$125,000,000 (equivalent to HK\$981,220,000). The 2022 Bonds bear interest at the rate of 7% per annum and will mature on 27 June 2023. Nanshan Group will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by Nanshan Capital under the 2022 Bonds and the trust deed(s) constituting the 2022 Bonds.

## **EMPLOYEES**

As of 31 March 2023, 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 Year amounted to HK\$17.03 million (FY2021/22: HK\$19.31 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 (FY2021/22: nil). As at 31 March 2023, there were zero (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 31 March 2023, 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 RMB2,039.41 million, equivalent to HK\$2,329.01 million (31 March 2022: RMB1,178.34 million, equivalent to HK\$1,450.30 million).

As at 31 March 2023, 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 2023, 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 debt investment are pledged for the Group's bank loans, these were no charge on Group's assets.

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

As at 31 March 2023, 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\$163,043,478.30. 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:

<b>Net proceeds raised</b>	<b>Use of the net proceeds during the reporting period</b>
HK\$1,499 million	100% of net proceeds were used for investment, including: <ul style="list-style-type: none"><li>(i) approximately 58.66% was used for debt investments;</li><li>(ii) approximately 13.27% was used for equity commitment for a joint venture entity; and</li><li>(iii) approximately 28.07% was used for loans to the joint venture.</li></ul>

### **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:

<b>Net proceeds raised</b>	<b>Use of the net proceeds during the reporting period</b>
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:

<b>Net proceeds raised</b>	<b>Use of the net proceeds during the reporting period</b>
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.

### **The March 2023 Subscription**

On 20 March 2023, the Company issued and allotted an aggregate of 889,420,770 ordinary new shares (the "March 2023 Subscription Shares") to 6 subscribers (the "Subscribers") at a subscription price of HK\$0.39 per share for a total cash consideration of approximately HK\$346.87 million pursuant to the subscription agreements entered into with the Subscribers on 17 February 2023. The aggregated nominal value of the March 2023 Subscription Shares (with a par value of HK\$0.1 each) was HK\$88,942,077. The market value of the March 2023 Subscription Shares was approximately HK\$324,638,581 based on the closing price of HK\$0.365 per share as quoted on the Stock Exchange on the date of the subscription agreements. The Subscribers (and where applicable, their ultimate beneficial owners) are third parties independent of the Company and its connected persons (within the meaning of the Listing Rules) and professional investors within the meaning of section 5 and section 6 of the Securities and Futures (Professional Investor) Rules (Cap. 571D).

As a cross-border investor with a focus on PRC's fast-growing industries and the best investment opportunities, it is important that the Company can react proactively and timely in capturing premium investment opportunities result from the economic rebound following the PRC government's reopening policy in order to create value for shareholders. 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 cashflow position of the Group for capturing suitable investment opportunities in a timely manner. In addition, the March 2023 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 March 2023 Subscription Shares, after deduction of all relevant fees and expenses, was approximately HK\$346.8 million, representing a net subscription price of approximately HK\$0.39 per share. The net proceeds from the March 2023 Subscription Shares were used for the following purposes:

<b>Net proceeds raised</b>	<b>Use of the net proceeds during the Year</b>
HK\$346.8 million	100% of net proceeds were used for debt investments.

## **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 Year.

## **EVENTS AFTER THE REPORTING YEAR**

The 2022 Bonds were fully redeemed by Nanshan Capital on 24 May 2023, 30 May 2023, 5 June 2023 and 8 June 2023 in the respective principal amount of US\$25,000,000 (equivalent to HK\$195,000,000), US\$25,000,000 (equivalent to HK\$195,000,000), US\$35,000,000 (equivalent to HK\$273,000,000), and US\$40,000,000 (equivalent to HK\$312,000,000).

On 25 May 2023, 30 May 2023, 5 June 2023 and 8 June 2023, the Company through its wholly-owned subsidiary subscribed for guaranteed bonds due 2024 (the "2023 Bonds") issued by Hong Kong Nanshan Development Limited ("Nanshan Development") in the respective principal amount of HK\$197,000,000, HK\$197,000,000, HK\$330,000,000, and HK\$251,000,000. As at the date of this announcement, the balances due from Nanshan Development in respect of the subscription of the 2023 Bonds (excluding any accrued interest) amounted to HK\$975,000,000. The 2023 Bonds bear interest at the rate of 7.5% per annum and will mature on 24 May 2024. Nanshan Group Co., Ltd will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by Nanshan Development under the 2023 Bonds and the trust deed(s) constituting the 2023 Bonds. Both Nanshan Capital and Nanshan Development are wholly-owned subsidiaries of Nanshan Group Co., Ltd.



## **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 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 2023 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 2023. 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](http://www.hkex.com.hk)) and the Company ([www.wealthking.com.hk](http://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**  
**Wang Qin**  
*Chairman*

Hong Kong SAR, 21 June 2023

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