



Wealthking Investments Limited
Stock Code: 1140



Insights · Value

Annual Report 2020 / 2021



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FORWARD-LOOKING STATEMENTS

This annual report 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.

NOTICE OF CHANGE OF COMPANY NAME

Since 8 December 2020, the English name of the Company has been changed from “**OP Financial Limited**” to “**Wealthking Investments Limited**”, and “**華科資本有限公司**” has been adopted as the Chinese name of the Company. As some documents or information in the report was effective or applicable to the period before the change of company name, **Wealthking Investments Limited, Wealthking Investments, OP Financial Limited, OP Financial** in English and **華科資本有限公司, 華科資本, 東英金融有限公司** and **東英金融** in Chinese all refer to the Company in the report.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. ZHANG Zhi Ping (*Honorary Chairman*)

(resigned on 16 December 2020)

Mr. ZHANG Gaobo (*Chairman*)

(resigned on 16 December 2020)

Dr. LIU Zhiwei (*CEO, ceased on 16 December 2020;*

Chairman, appointed on 16 December 2020)

Non-executive Director

Dr. WU Zhong (*Deputy Chairman*)

(retired on 31 August 2020)

Independent Non-executive Directors

Prof. HE Jia

Mr. WANG Xiaojun

Mr. CHEN Yuming

Dr. FU Weigang

CHIEF EXECUTIVE OFFICER

Dr. ZHU Xianzhong (*appointed on 16 December 2020*)

AUDIT COMMITTEE

Mr. CHEN Yuming (*Chairman*)

Prof. HE Jia

Mr. WANG Xiaojun

REMUNERATION COMMITTEE

Mr. WANG Xiaojun (*Chairman*)

Prof. HE Jia

Mr. CHEN Yuming

NOMINATION COMMITTEE

Mr. ZHANG Gaobo (*Chairman, resigned on 16 December 2020*)

Dr. LIU Zhiwei (*Chairman, appointed on 16 December 2020*)

Prof. HE Jia

Mr. WANG Xiaojun

Mr. CHEN Yuming

CORPORATE GOVERNANCE COMMITTEE

Prof. HE Jia (*Chairman*)

Mr. ZHANG Zhi Ping (*resigned on 16 December 2020*)

Mr. ZHANG Gaobo (*resigned on 16 December 2020*)

Mr. WANG Xiaojun

Mr. CHEN Yuming

AUTHORIZED REPRESENTATIVES

Mr. ZHANG Gaobo (*resigned on 16 December 2020*)

Dr. LIU Zhiwei (*appointed on 16 December 2020*)

Mr. ZHOU, Tao David (*resigned on 16 June 2021*)

Ms. NG Sau Lai (*appointed on 16 June 2021*)

COMPANY SECRETARY

Mr. ZHOU, Tao David (*resigned on 16 June 2021*)

Ms. NG Sau Lai (*appointed on 16 June 2021*)

INVESTOR RELATIONS CONTACT DETAILS

Tel: (852) 2842 9688

Fax: (852) 2842 9666

Email: ir@wealthking.com.hk

INVESTMENT MANAGER

Oriental Patron Asia Limited (*ceased on 31 March 2021*)

Venture Partners Asset Management Limited

(appointed on 8 April 2021)

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

(resigned on 11 March 2021)

ZHONGHUI ANDA CPA Limited (*appointed on 11 March 2021*)

PRINCIPAL REGISTRAR

SMP Partners (Cayman) Limited

Royal Bank House, 3rd Floor

24 Shedden Road, P.O. Box 1586

Grand Cayman KY1-1110

Cayman Islands

BRANCH REGISTRAR

Tricor Abacus Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

REGISTERED OFFICE

P.O. Box 309

Ugland House

Grand Cayman, KY1-1104

Cayman Islands



CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS

41/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

PRINCIPAL BANKER

Shanghai Pudong Development Bank Hong Kong Branch
China Construction Bank Corporation Hong Kong Branch
Hang Seng Bank Limited
China CITIC Bank International Limited
China Minsheng Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
Luso International Banking Limited
Nanyang Commercial Bank, Limited

STOCK CODE

The Stock Exchange of Hong Kong Limited
Code: 1140

WEBSITE

www.wealthking.com.hk



CHAIRMAN'S STATEMENT

IDENTIFYING OPPORTUNITIES TO CREATE VALUES

Dear Shareholders:

2020 was an extraordinary year: Affected by the Covid-19 epidemic, the ways the world works have changed irreversibly along with the economic deceleration and globalization sliding into reverse. Despite the challenging external environment, our team reversed the loss of the last financial year by increasing the income, reducing the expenditure, and overcoming difficulties together. During the year, the company recorded a revenue of approximately HK\$111 million; The profit recorded HK\$373 million, as compared to a loss of HK\$1,372 million last year, while the net asset value per share increased to HK\$1.56 as compared to HK\$1.42 last year.

Corporate Culture System

We always adhere to the operation principle of “cross-border, cross-sector, cross-cycle, leverage networks, attract talent and discover opportunities”, committed to building a professional, market-oriented and international investment platform. Rooting in Hong Kong and focusing on mainland China, the company empowers industries with capital and incubates the future with the support by making the most of the advantages of Hong Kong’s capital market, integrating with the profound understanding of mainland China’s national policies and economic growth, which in turn realizes the accomplishment of investees and creates abundant returns for shareholders meanwhile.

Investments Strategy Upgrading

In the FY2020/2021, to adapt to rapidly changing market environment and seize constantly emerging investment opportunities, our investment strategy has been upgraded to a tri-engine driving investment strategy, which is the core-holding-centered private equity, investment portfolio management and trading and others, for rational allocation of the backgrounds, industries, and cycles, and the manifestation of investment principle of “cross-border, cross-sector and cross-cycle”. Holding long-term core holding (Core Holding, “CH”) equity investments aims to leverage our capital to directly invest in and empower great companies, while exerting strengths of the platform of a listed company for integration of cross-border and cross-sector resources, the establishment of various industry funds and deep excavation of focused sectors, for purpose of continuously strengthening and deepening the portfolio management of divided sectors. Trading and others stress to balance liquidity and rate of return of the asset by capturing investment opportunities in the secondary market in and outside China. Through comprehensive investment strategies of long-, medium- and short-term, we strive to build the investment portfolio, which could create long-term investment rewards brought by crossing market cycle as well as balance liquidity and risk-yield rate via medium- and short-term strategies.

Investment Sectors Focusing

Our company’s investment sectors are always tied up with the development tendency of China’s economy, technology, and wellbeing, and are adjusted following national policies. Incorporating our own strengths, the insight of industries with the judgment of future trends, we now focus on intelligent manufacturing, biotechnology, new energy, fintech, blockchain, and other hot fields.

- **Intelligent manufacturing**

2021 is the first year of the 14th Five-Year Plan, which places great emphasis on the development of the modern industrial system, for improving competitive advantages of, and promoting high-quality development of manufacturing. The transformation of the traditional manufacturing brought by the 5G-leading new technology revolution as well as the reshuffled supply chain of global manufacturing impacted by the Covid-19 epidemic bring new opportunities for China’s intelligent manufacturing to overtake on a corner. With the advance in science and technology, together with the support of national policies, we are convinced that China’s intelligent manufacturing will rise soon.

- **Biotechnology**

Driven by enormous domestic demand necessitated by a population of 1.4 billion and an aging society, China’s biotechnology will develop quickly. Along with the improvement of people’s living standards, people’s requirements for well-being and the quality of life are enhanced increasingly, and the growth of disposable personal income raises the possibilities of increase in health-related spending. In the course of the Covid-19 pandemic, domestic enterprises experience constant elevation of their innovative capabilities and we believe artificial intelligence, big data, and consumption upgrading will continuously propel the sustainable development of biotechnology.

CHAIRMAN'S STATEMENT

- **New Energy**

Chinese government defines objectives of reaching peak carbon emissions before 2030 and achieving carbon neutrality before 2060, which will lead to the explosive development of new energy in China. Investing in the new energy industry generates economic benefits for the company as well as social benefits, which is the optimal means for us to discharging corporate social responsibilities and benefit people as an investment company.

- **Fintech**

With the development of science and technology, traditional financial institutions prospect to improve competitiveness by integrating finance with science and technology while non-traditional financial institutions create the blue ocean through fintech, thereby realizing leaping development and even transcending the formers. As a traceable distributed ledger technology, which is protected by encryption method, blockchain has been enrolled in China 13th Five-Year-Plan and elevated to a strategic height. Rooting in Hong Kong, the international financial center, and integrating the platform of a listed company and the resources of this industry, we strongly believe that we could seize the timely opportunities offered by industry of fintech and blockchain.

In these fast-growing industries, there will be a great deal of world-class leading companies, which Wealthking Investments seeks to identify and empower with capital, generating remarkable investment returns for our shareholders.

Operating Managements Strengthening

In 2020/2021, we endeavored to improve internal management and operation to lay a solid base for further development by changing the name to “Wealthking Investments Limited”, recruiting an excellent professional manager team, optimizing organizational structure and management workflow, and setting up an office in Shenzhen. In the future, with the management model of dual headquarters: Hong Kong, the international financial center, and Shenzhen, China's Silicon Valley, we will be able to leverage on the differentiated capital and investment opportunities in China and aboard to promote cross-border and cross-sector businesses integration and linkage, with an aim of broadening and deepening their developments, further enhancing competitive advantages of Wealthking Investments, thereby grasping large opportunities of the rise of China and sharing benefits which transform from rapid growth to high-quality development.

Future Prospects

2021 is the opening year of the 14th Five-Year-Plan and an important beginning for Wealthking Investments after it was renamed as such. Now that the pandemic is under control in China, with prudent monetary policy, solid manufacturing basis as well as a huge market for domestic demands, all the above will provide us with favorable development environments and excellent investment opportunities. We pledge to adhere to the spirit of “professionalism, Practice, Excellence, Sharing” to create more value for investors in the coming year.

In the end, I would like to take this opportunity to express my sincere gratitude to our shareholders for their long-term support to Wealthking Investments, to our partners for their trust and support, and to our staff for their hard work!

LIU Zhiwei

Chairman

25 June 2021, Hong Kong

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 and trading and others, with returns generated from interests, dividends and capital appreciation.

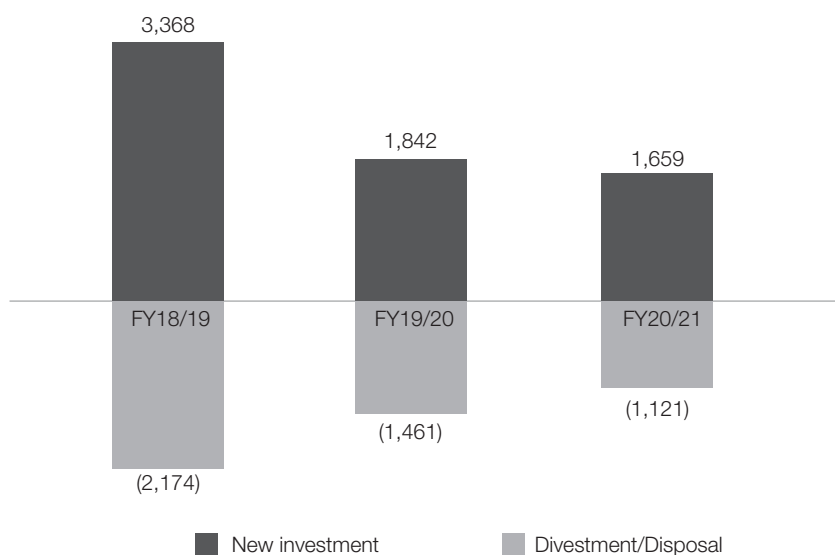
INVESTMENT REVIEW

Investment Activities

The capital markets have been constantly evolving in the past few years, in particular 2020, during which the outbreak of COVID-19 and major economies' central bank's stimulus policies have exerted significant impact on the markets. To quickly adapt to the changes and seize the opportunities, during the Year (the twelve months ended 31 March 2021, same as below), we underwent a business transformation and adopted a tri-engine driving investment strategy, which is core-holding-centered private equity, portfolio management and trading and others, respectively, where long-term core holding remains to be our strategic focus. During the Year, we continued to endeavor to identify market leaders or potential leaders of China's fast-growing industries, including intelligent manufacturing, biotechnology and new energy, as the targets of our long-term core holding portfolio. However, given the high uncertainty and volatility of the global macro economy and capital markets during the Year largely driven by the unprecedented COVID-19 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\$1,659.40 million during the Year, mainly through private equity and listed securities, and our divestment amounted to HK\$1,121.07 million, mainly derived from some short-term debt instruments, listed securities and private equity investments.

New investment and Divestment/Disposal over the Latest 3 Years
(HK\$ million)



MANAGEMENT DISCUSSION AND ANALYSIS

Portfolio Breakdown

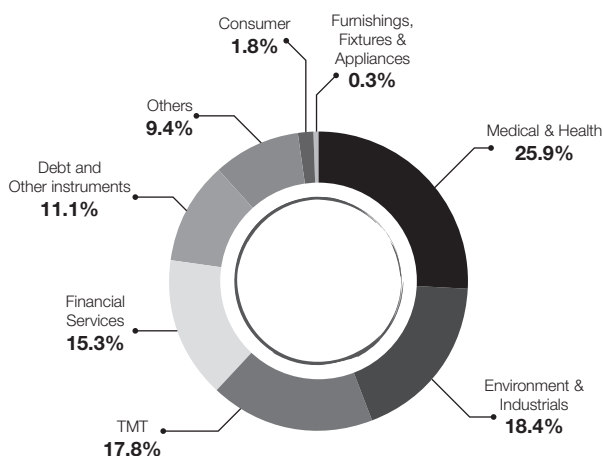
During the Year, our investment strategy was upgraded to core-holding-centered private equity, portfolio management as well as trading and others. However, it was too early to reflect any material results of the new strategy as at 31 March 2021. Hence, the portfolio breakdown as at 31 March 2021 remained depicting our previous strategy, which is long-term core holding, mid-term private equity (“PE”), venture capital (“VC”) and others, and short-term arbitrage and others.

As our primary focus, the core holding strategy fully leverages the long-term investment horizon enabled by our own capital as a public company. 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. In addition to long-term core holding, the invested companies held under mid-term PE, VC and others strategy represented various emerging industries in China and are expected to contribute mid-term returns to the Group, while our holdings under the strategy of short-term arbitrage and others were mainly listed securities and other opportunistic deals.

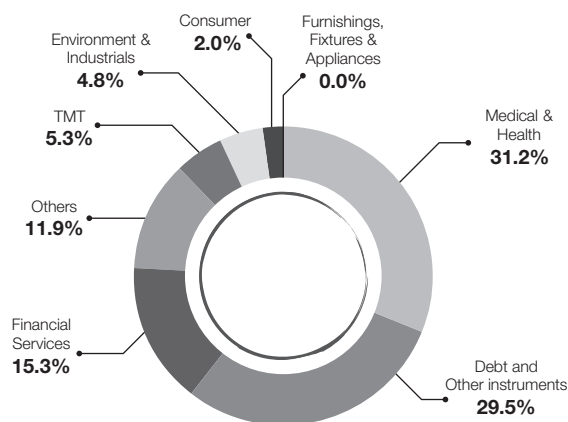
As of 31 March 2021, the top four sectors of our existing portfolio were Medical and Health, Environment and Industrials, Technology, Media and Telecom (“TMT”) and Financial Services, which represented 77.4% of our total investments holdings. Our leading position in the Medical and Health sector in terms of valuation was the investment in iCarbonX Group Limited (“iCarbonX”), while in the Environment and Industrials sector, Dagang Holding Group Co., Ltd. (“Dagang Holding”) was the largest holding. Our major investment in the TMT sector included Jiedaibao Limited (“Jiedaibao”). Our major investments in the Financial Services sector included Treasure UP Venture Limited (Beijing International Trust Co., Ltd.) and CSOP Asset Management Limited (“CSOP”).

To better reflect the adjustment of our focused sectors and the changes in our portfolio, we consolidated the existing sectors of Environment and Energy, Materials and Industry into Environment and Industrials for the reporting year and represented the portfolio classification by sector for FY2019/2020 for an apples-to-apples comparison.

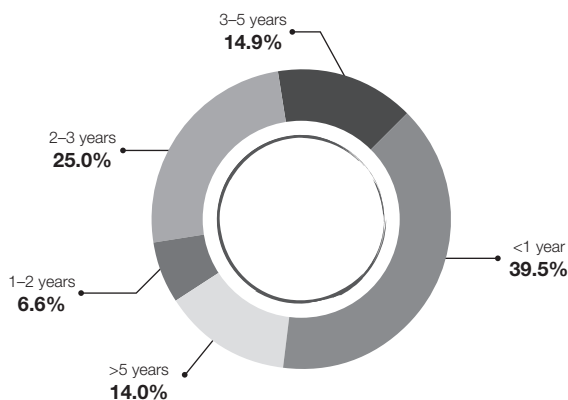
BY SECTOR (FY2020/2021)



BY SECTOR (FY2019/2020)



BY HOLDING PERIOD (FY2020/2021)





MANAGEMENT DISCUSSION AND ANALYSIS

MAJOR INVESTMENT PORTFOLIO

Long-Term Core Holding

As of 31 March 2021, three companies were categorized as our long-term core holding portfolio, which were iCarbonX, CSOP and OPIM Holdings Limited (“OPIM”), respectively. 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\$1,309.21 million as at 31 March 2021. 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\$1,149.38 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 2021, the Company owned 7.73% of equity interests in iCarbonX and the carrying value of the position stood at HK\$1,149.38 million, increasing 0.28% or by HK\$3.22 million as compared to HK\$1,146.16 million as at 31 March 2020 due to exchange difference on RMB appreciation.

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.

Wealthking Investments believes iCarbonX’s expertise in life science and AI equips the company 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 Company 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.



MANAGEMENT DISCUSSION AND ANALYSIS

CSOP Asset Management Limited

Date of initial investment: 2008
Type of deal: Core Holding
Equity ownership: 22.5%
Cost: HK\$60.00 million
Carrying value: HK\$103.83 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 2021, Wealthking Investments owned 22.5% of the issued capital of CSOP, of which the carrying value stood at HK\$103.83 million, increasing 9.27%, or by HK\$8.81 million as compared to HK\$95.02 million as at 31 March 2020 due to the share of profits contributed by CSOP, which was primarily driven by its robust business performance during the Year.

CSOP is a well-known asset management company based in Hong Kong, which manages private and public funds, and provides investment advisory services to Asian and global investors with a dedicated focus on China investing. As a leading cross-border asset management expert in respect of Asset Under Management (AUM), CSOP once held the world's largest RMB RQFII quota of RMB46.10 billion. As at 31 December 2020, almost half of the top 20 actively traded ETFs in Hong Kong were managed by CSOP.

In the fast-changing market, CSOP never stops being innovative in capturing opportunities. During the Year, CSOP launched a number of new products including leverage/reverse ETFs, world's first Hang Seng TECH Index ETF as well as Chinese Government Bond Index ETF etc. Thanks to its excellent product design and strong performance, CSOP has won 22 awards in total from various parties at both corporate and product levels during the Year, including but not limited to the Best Passive Manager by Asian Investor, ETF Manager of the Year by Asia Asset Management and Best China Fund House by Insights and Mandate.

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.



MANAGEMENT DISCUSSION AND ANALYSIS

OPIM Holdings Limited

Date of initial investment: 2008
Type of deal: Core Holding
Equity ownership: 30%
Cost: HK\$59.47 million
Carrying value: HK\$56.00 million
Location: Hong Kong
Industry: Financial Services

As at 31 March 2021, Wealthking Investments owned 30% of the issued ordinary shares and 100% of the non-voting preference shares of OPIM following a reorganization completed in December 2019 to streamline its organizational structure where the Company's position remained unchanged. As at 31 March 2021, the Company's position in OPIM stood at HK\$56.00 million as compared to HK\$43.12 million as at 31 March 2020. The increase was primarily attributable to the strong growth momentum of OPIM's financial performance driven by the increasing scale of its fund products. OPIM managed over 40 funds as at the end of 2020 benefiting from the rebound of the capital markets.

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. During the Year, in addition to successfully launching several funds under various strategies across China onshore and offshore markets, OPIM has also built strategic partnerships in Singapore, Europe and Mainland China to continue to increase its customer base and expanded 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Mid-Term PE, VC and others

As of 31 March 2021, Wealthking Investments' holdings in the mid-term PE, VC and others category amounted to HK\$3,026.74 million. The Company added new investments of HK\$1,522.56 million and exited from a few investments as well as received fund distributions amounting to HK\$206.47 million in total in this category during the Year. In making decisions on either to maintain the holdings for future divestment to benefit from growth of business, or to exit and harvest returns for potential new investments, the Company based on prudent and extensive analysis of market condition and investment projects' prospect. Apart from certain listed equity investments, the major investments are listed as below:

Dagang Holding Group Co., Ltd. (stock code: 300103.SZ)

Date of initial investment: 2019
Type of deal: Securities
Equity ownership: 19.9%
Cost: HK\$822.56 million
Carrying value: HK\$839.01 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. As at 31 March 2021, the Company's position in Dagang Holding stood at HK\$839.01 million, increasing 2% as compared to HK\$822.56 million as at initial investment. The increase was mainly attributable to stock price rise and robust performance. As at 31 December 2020, the net profit of Dagang Holding increased 29.51% as compared to the net profit as at 31 December 2019.

Founded in May 2002, Dagang Holding has developed into a comprehensive high-tech group over the past 19 years with three major business segments currently, which are "high-end road equipment R&D and manufacturing, urban road smart operation and maintenance, and comprehensive recycling of hazardous waste and solid waste". Dagang Holding's products and services have been widely used for road construction, urban infrastructure management, environmental protection and metallurgy etc. Being listed on the SME Board of Shenzhen Stock Exchange in August 2010, Dagang Holding has been trading under stock code of 300103.

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, Dagang Holding is expected to bring medium-term return to the Company.



MANAGEMENT DISCUSSION AND ANALYSIS

Jiedaibao Limited

Date of initial investment: 2020
Type of deal: Private Equity
Equity ownership: 1.97%
Cost: HK\$700.00 million
Carrying value: HK\$700.00 million
Location: China
Industry: TMT

In 2020, Wealthking Investments entered into a share purchase agreement (the “Purchase Agreement”) with an existing shareholder (the “Seller”) of Jiedaibao to purchase 1.97% of the shares issued by Jiedaibao at a consideration of HK\$700 million. Upon completion of the Purchase Agreement, all interests and obligations undertaken by the Seller in accordance with articles of association of Jiedaibao are transferred to the Company. As at 31 March 2021, the Company’s position in Jiedaibao stood at HK\$700.00 million.

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, Jiedaibao empowers online borrowing and lending transactions and micro-, SME’s supply chain finance with sources of revenue mainly coming from transaction fee, collection service fee, advertising fee, payment fee and software development fee. 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 5 years ago with accumulative registered individual and corporate users of 130 million and 30,000 respectively and transaction amount of over RMB200 billion.

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 Company.

MANAGEMENT DISCUSSION AND ANALYSIS

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\$446.76 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 2021, the Company’s position in BITIC stood at HK\$446.76 million as compared to HK\$342.74 million as at 31 March 2020. The increase was primarily attributable to the recovery of global financial markets since March 2020, which resulted in higher valuation of BITIC, and the strong fundamentals of BITIC were also an indispensable supporting factor of the increase. For 2020, despite the challenges posed by COVID-19, the parent company of BITIC recorded a net income of RMB990 million with a year-over-year increase of 13.7%.

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. Wealthking Investments believes that BITIC will benefit from the continuous opening-up and improvement of China’s financial system and the upgrading of the trust industry, as a result of which BITIC is expected to deliver a decent return on investment for the Company.

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\$370.00 million
Carrying value: HK\$388.38 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\$370.00 million. As at 31 March 2021, the Company’s position in 華建實業 stood at HK\$388.38 million, slightly increasing 5% as compared to HK\$370.00 million as at 31 March 2020, due to exchange difference on RMB appreciation.

With the double-engine strategy of industrial operations complemented by equity investment, 華建實業 currently controls or holds minority interest in more than 14 projects, mainly in the promising sectors, including but not limited to high-end equipment manufacturing, culture and arts, internet and real estate.

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 Company.



MANAGEMENT DISCUSSION AND ANALYSIS

Short-term Arbitrage and Others

As at 31 March 2021, Wealthking Investments' holdings in listed securities that fell into this category amounted to HK\$46.85 million, while the holdings in debt investments amounted to approximately HK\$549.37 million. During the Year, Wealthking Investments made new investments in and divestments from some listed securities and divested from some debt instruments to enhance the capital liquidity and generated returns from interests, dividends and capital gains. 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 Year.

The Company 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 11.5% as compared to 5% to 20% for last year. The total interest income generated from debt instruments was HK\$101.38 million with loan tenures ranging from 2 years to 5 years, while the corresponding amount and range for last year were HK\$177.84 million and 6 months to 3 years, respectively.

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

FINANCIAL REVIEW

Financial position

Net asset value: As at 31 March 2021, the Group's net asset value was HK\$4,527.18 million, or HK\$1.56 per share, as compared to HK\$4,114.44 million and HK\$1.42 per share respectively as at 31 March 2020.

Gearing: The gearing ratio, which was calculated on the basis of total liabilities over total equity as at 31 March 2021, was 0.19 (31 March 2020: 0.16).

Investments in associates and joint ventures: It represents our interest in companies such as Treasure Up and core holding company CSOP etc. Assets value stood at HK\$705.02 million as at 31 March 2021 (31 March 2020: HK\$637.91 million), representing a year-over-year increase of 10.52% mainly due to increase of value of investments on Treasure Up and CSOP.

Investments at fair value through profit or loss: It stood at HK\$3,677.78 million as at 31 March 2021, representing an increase of 63.80% as compared to HK\$2,245.29 million as at 31 March 2020, mainly attributable to record of Dagang Holding, new investments on Jiedaibao and 華建實業, the increase of fair value on Greater China Select Fund etc, partially offset by divestments of listed securities, disposal of some unlisted investments and decreased fair value of some unlisted investments.

Debt investments: It represents the investments in debt instruments as at 31 March 2021, which amounted to HK\$549.37 million. The decrease of 54.53% as compared to HK\$1,208.30 million as at 31 March 2020 was primarily because the Company exited from a few debt investments during the Year and generating expected credit loss ("ECL") of some investments.

Bank and cash balances: As at 31 March 2021, the Group's bank and cash balance stood at HK\$66.61 million (31 March 2020: HK\$117.39 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.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

With the COVID-19 under control in mainland China, the economic environment and stock markets experienced gradually recovery, which had positive impact on the valuation of our portfolio for the Year and our business that was interrupted by the pandemic has been restarted progressively. The Group recorded a total revenue of HK\$110.52 million for the Year, representing a year-over-year decrease of 39.21% as compared to HK\$181.82 million last year primarily attributable to the decrease in interest revenue as we divested some debt instruments. The Group recorded profit for the Year of HK\$372.56 million as compared to a loss of HK\$1,372.67 million for last year. The change from loss to profit was primarily driven by HK\$243.52 million of net change in unrealised gain on investments at fair value through profit or loss, HK\$3.02 million of net change in unrealised gain on financial liabilities at fair value through profit or loss, HK\$74.71 million of reversal of provision for ECL and HK\$149.28 million of share of results of associates, partially offset by the HK\$118.69 million of realised loss on disposal/distribution of investments and the HK\$20.93 million of realised loss on financial liabilities at fair value through profit or loss.

Consolidated statement of profit or loss and other comprehensive income

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

	2021 HK\$'000	2020 HK\$'000
Dividend income ⁽¹⁾	1,065	3,078
Interest revenue ⁽²⁾	109,457	178,738
	110,522	181,816

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

⁽²⁾ Interest revenue of HK\$109.46 million were mainly generated from the Group's debt instruments as well as banks deposits.

Net change in unrealised gain/(loss) on investments at fair value through profit or loss: The net change in unrealised gain of HK\$243.52 million (FY2019/20: loss of HK\$320.84 million) mainly represents the net unrealised gain of HK\$242.95 million on listed shares, unrealised gain of HK\$50.64 million on Xiaoju Kuaizhi, partially offset by unrealised loss of HK\$57.22 million on exchangeable bond and unrealised loss of HK\$40.69 million on Central China New Life Limited ("CCNL").

Net change in unrealised gain on financial liabilities at fair value through profit or loss: The net change in unrealised gain of HK\$3.02 million (FY2019/20: gain of HK\$89.97 million) mainly represents the share of unrealised loss by our co-investment partners.

Realised loss on disposal/distribution of investments: The realized loss of HK\$118.69 million (FY2019/20: loss of HK\$11.43 million) during the Year mainly represents realised loss on the disposal of a debt instrument, partially offset by realised gain on disposal of CCNL.

Reversal of provision/(Provision) for ECL: The reversal of provision of HK\$74.71 million (FY2019/20: provision of HK\$666.95 million) for ECL represents the reversal of provision for ECL on Dagang Holding and debt instruments, partially offset by provision for ECL on some debt instruments for the Year.

Operating and administrative expenses: The total amount of HK\$62.14 million operating and administrative expenses (FY2019/20: HK\$156.01 million) was mainly the result of depreciation on right-of-use assets ("ROU"), staff costs, investment management fee, depreciation of equipment, service fee expense as well as legal and professional fees. The year-over-year decrease in operating and administrative expenses was primarily driven by decrease of staff cost, directors remuneration and depreciation on ROU.

Share of profits/(losses) of associates and joint venture: a net gain of approximately HK\$149.28 million (FY2019/20: net loss of HK\$444.05 million) mainly represents our share of gain of Treasure Up and CSOP, which was primarily due to recovery of financial market and robust performance of these two investees.

MANAGEMENT DISCUSSION AND ANALYSIS

Other comprehensive income: Changes in the Group's NAV, which are not accounted for in "profit for the Year", are recorded under "other comprehensive income". The net gain of HK\$37,449,000 (FY2019/20: loss of HK\$15,331,000) mainly represented the exchange differences on translating foreign operations. Including the "profit for the Year", the total comprehensive income for the Year was HK\$410.01 million.

DIVIDEND POLICY AND PROPOSED FINAL DIVIDEND

The Board has resolved not to pay final dividend in respect of the Year (FY2019/20: nil).

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 March 2021, the Group had bank and cash balances of HK\$66.61 million (31 March 2020: HK\$117.39 million). The Group had an aggregate of HK\$528.60 million loans mainly comprised of loan from a securities company, unsecured other borrowings and interest-free borrowings from one of the associates for a PRC potential investment as at 31 March 2021 (31 March 2020: HK\$506.85 million). The debt-to-equity ratio (interest-bearing external borrowings divided by shareholders' equity) stood at 10.1% (31 March 2020: 10.7%) while the current ratio (current assets divided by current liabilities) was 3.65 times (31 March 2020: 3.89 times). For further analysis of the Group's cash position, current assets and gearing, please refer to paragraphs under subsections headed "Financial Position" below.

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 2021, shareholder's equity and the total number of shares in issue of the Company stood at HK\$4.53 billion (31 March 2020: HK\$4.11 billion) and 2,900,940,000 (31 March 2020: 2,900,940,000), respectively.

MATERIAL ACQUISITIONS AND DISPOSALS OF INVESTMENTS

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

	New/ Additional Investment (HK\$ million)	Divestment/ Disposal (HK\$ million)
Mid-term PE, VC and others	1,522.56 ⁽¹⁾	206.47 ⁽²⁾
Short-term arbitrage opportunities		
– Listed securities	136.84 ⁽³⁾	307.27 ⁽⁴⁾
– Debt instruments	–	607.33
Total	1,659.40	1,121.07

(1) The HK\$1,522.56 million represents the Group's investment in Jiedaobao and Dagang Holding during the Year.

(2) Out of HK\$206.47 million, approximately HK\$5.88 million was distribution received from 4 unlisted investment partnership funds, HK\$57.57 million was distribution received by one investment, and the remaining HK\$143.02 million represents sales proceeds from disposal of two investments.

(3) The HK\$136.84 million represents the Group's investment into 9 listed securities during the Year.

(4) The HK\$307.27 million represents the Group's divestment 9 listed securities during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT INFORMATION

Segment information of the Group is set out in note 8 to the consolidated financial statements on pages 95 to 96 of this report.

EMPLOYEES

As of 31 March 2021, the Group had 21 employees (31 March 2020: 43), inclusive of all Directors of the Company and its subsidiaries. Total staff costs including equity-settled share-based payments for the Year amounted to HK\$25.74 million (FY2019/20: HK\$62.42 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 (FY2019/20: nil). As at 31 March 2021, there were 65,700,000 (31 March 2020: 71,700,000) share options that remained outstanding under the share option scheme.

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

As at 31 March 2021, the Group was exposed to foreign exchange risk arising from financial instruments that are monetary items including investments recognised as investments at fair value through profit or loss, loan and other receivables, bank balances and other payables (31 March 2020: investments at fair value through profit or loss, prepaid consideration for equity investment, loan and other receivables). These assets were denominated in RMB and the maximum exposure to foreign exchange risk was RMB499,936,000, equivalent to HK\$591,500,000 (31 March 2020: RMB452,054,000, equivalent to HK\$492,965,000).

As at 31 March 2021, 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 2021, save as certain listed securities of the Group being used to secure the Group's margin securities trading, there were no charges on Group's assets.

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

As at 31 March 2021, there were no plans for material investments or capital assets, but the Group may, at any point, be negotiating potential investments. The Group 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.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

EVENTS AFTER THE REPORTING YEAR

Oriental Patron Asia Limited ("OPAL") ceased to be the investment manager of the Company on 31 March 2021. Pursuant to an investment management agreement dated 8 April 2021, the Company appointed Venture Partners Asset Management Limited ("VPAM") as its investment manager to provide investment management services for a period commencing 7 April 2021 to 31 March 2024. Under the investment management agreement, the Company will pay VPAM a management fee and performance fee. The management fee will be calculated on a monthly basis. For the first year of the investment management agreement, the management fee will be calculated at 0.012 per cent per annum of the Net Asset Value of the Group as at the immediately preceding last dealing day on the Stock Exchange in each calendar month on the basis of the actual number of days in the relevant calendar month over a year of 360 days. From the second year of the investment management agreement, the management fee will be calculated at such other percentage figure agreed from time to time between VPAM and the Company as at the immediately preceding last dealing day on the Stock Exchange in each calendar month on the basis of the actual number of days in the relevant calendar month over a year of 360 days. The performance fee is calculated by reference to the increase in the net asset value per share as at the last business day of the relevant financial year of the Company.



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are stated below:

DIRECTOR

Executive Directors

Dr. LIU Zhiwei, aged 54, has been appointed as Chairman of the Board and the Chairman of the Nomination Committee since 16 December 2020, and an executive Director of the Company since 16 April 2019. From 16 April 2019 to 16 December 2020, he was the Chief Executive Officer of the Company. From June 2016 to June 2018, he was an executive Director, the president of the Company, and a member of the corporate governance committee. From December 2015 to June 2016, he served as a non-executive director of the Company. Dr. Liu obtained a bachelor's degree in Industrial Management Engineering from Zhe Jiang University in 1989. He furthered his studies in Graduate School of the People's Bank of China between 1989 and 1992 and obtained his master's degree in international finance. In 2007, he obtained a doctoral degree in Economics & Law from Hunan University. Dr. Liu completed a professional programme in Finance CEO from Cheung Kong Graduate School of Business in 2010. Dr. Liu has over 20 years of experience in financing, securities investment and capital market. He served as a non-executive director of Shanghai Zendai Property Limited (stock code: 755), whose shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") for the period from 2 February 2010 to 12 December 2012. He was the vice chairman of Chang'an International Trust Co., Ltd (formerly known as Xi'an International Trust Co., Ltd) from 2008 to 2011. Dr. Liu served as a supervisor of Xin Jiang Hui-tong (Group) Co., Ltd (stock code: 415) from December 2005 to December 2008, whose shares are listed on the Shenzhen Stock Exchange. He also served as a general manager of the merger and acquisition department of Guosen Securities Co., Ltd from 1997 to 1998.

Independent Non-executive Directors

Prof. HE Jia, aged 66, has been an independent non-executive Director and a member of the audit committee of the Company since February 2003 and a member of the remuneration committee of the Company since April 2005. Prof. He has also been appointed as the chairman of the corporate governance committee and a member of the nomination committee of the Company since January 2012. He is currently a leading professor of Department of Finance at the South University of Science and Technology of China and an independent non-executive director of each of CITIC Securities Company Limited and China Chengtong Development Group Limited, the shares of which are listed on the Main Board of the Stock Exchange. He was a professor of Department of Finance at the Chinese University of Hong Kong and a professor at the Tsinghua University. He was a commissioner of the Strategy and Development Committee of CSRC and a director of research of Shenzhen Stock Exchange from June 2001 to October 2002. He is an editor of China Financial Economics Review, and is serving as a member of editorial boards of a number of journals, including China Accounting and Finance Review and Research in Banking and Finance. He holds a Doctor of Philosophy degree in Finance from the Wharton School of University of Pennsylvania, the United States.

Mr. WANG Xiaojun, aged 66, has been an independent non-executive Director and a member of the audit committee of the Company since August 2004. Mr. Wang has also been serving as the chairman of the remuneration committee of the Company since April 2005, a member of the nomination committee and a member of the corporate governance committee of the Company since January 2012. Mr. Wang is a partner of JNJ Partners LLP and was admitted lawyer and solicitor in the PRC, Hong Kong and England and Wales in 1988, 1995 and 1996 respectively. Mr. Wang has worked as a member of the legal expert group in the Stock Exchange and solicitor in Richards Butler, and has worked as an investment banker in Peregrine and ING Barings. He graduated from the People's University of China and the Graduate School of the Chinese Academy of Social Science and holds a bachelor degree in Laws and a master degree in Laws. Mr. Wang is currently an independent non-executive director of Livzon Pharmaceutical Group Co., Ltd., a company listed on Stock Exchange and Shenzhen Stock Exchange, and China Aerospace International Holdings Limited, a company listed on the Stock Exchange. He was previously an independent non-executive director of Norinco International Cooperation Company Limited until 16 September 2014, and Yanzhou Coal Mining Company Limited until 29 June 2017.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are stated below:

Mr. CHEN Yuming, aged 58, has been re-designated from a non-executive Director to an independent non-executive Director since 15 July 2019. He has been appointed as the chairman of the audit Committee, a member of the remuneration committee, a member of the nomination committee and a member of the corporate governance committee since 23 October 2019. He obtained a bachelor degree and a master degree from Jiangxi University of Finance and Economics in 1983 and 1999 respectively. He also obtained an EMBA from Cheung Kong Graduate School of Business in 2010. Mr. Chen has more than 30 years of experience in banking, securities, fund management and auditing. He is currently Chairman of Shenzhen Leaguer Financial Holdings Company Limited, Chairman of Shanghai Leaguer Financial Leasing Co., Ltd.. Prior to that, Mr. Chen had served in Bank of East Asia (China) Co., Ltd. from 2007 to 2011 in various positions including President of its Shenzhen Branch and Vice President of its head office. From 1999 to 2006, Mr. Chen had worked in the Shenzhen Commercial Bank, where he had first served as Vice President, and later as President and Vice Chairman. From 1993 to 1998, Mr. Chen had held various positions in the head office of Shenzhen Urban Cooperative Bank, including Assistant to President, General Manager of Credit Department and Director of Business Department. He had served as Deputy Director of Jiangsu Provincial Auditing Department from 1989 to 1992. He had also served as Deputy Director and Division Chief of Jiangxi Provincial Auditing Department from 1983 to 1989.

Dr. FU Weigang, aged 43, has been re-designated from a non-executive Director to an independent non-executive Director since 15 July 2019. He is currently the president of the Sifl Institute. Dr. Fu has served in the Sifl Institute since 2003 in various positions including Assistant President and Vice President. Additionally, he is an adjunct professor at Shanghai University of Finance and Economics (SHUFE), Shanghai Normal University and other universities. Besides this, he served as an independent director of Changan Fund Management Co., Ltd., Shanghai Shifang Landscape and Ecology Co., Ltd. and Kingnet Network Co., Ltd. Dr. Fu obtained a bachelor of Law degree from Xi'an University of Technology in 2000 and a PhD degree from Zhejiang University in 2009.

SENIOR MANAGEMENT

Dr. Zhu Xianzhong, male, aged 52, holds a PhD degree from Jiangxi University of Finance and Economics. Dr. Zhu was appointed as Chief Executive Officer of the Company in December 2020. He has more than 20 years of management experience in the banking, securities and asset management industries. He worked at Jiangxi University of Finance and Economics from 1991 to 1993; worked at Bank of China (Jiangxi Branch) from 1993 to 1995; served as the general manager of the investment banking department at the head office of China Merchants Bank from 1995 to 2012; and served as the chairman of Huarong Securities Co., Ltd from 2013 to 2019. In addition, Dr. Zhu is currently a postgraduate tutor of PBC School of Finance, Tsinghua University and an adjunct professor at Zhejiang University.

Mr. ZHOU Tao David (*Head of Legal, Compliance and Risk Management, Company Secretary*), aged 50, was appointed as the Head of Legal, Compliance and Risk Management and the Company Secretary in September 2016. He oversees the legal and compliance matters of the Company. As the Company Secretary, he is responsible for facilitating the Board process, as well as communication among the Board members, with the Shareholders and management of the Company. Mr. Zhou is a solicitor in Hong Kong, and has more than thirteen years of experience in legal and compliance matters in financial institutions in Hong Kong. He holds the lawyer qualification in China, a LLB degree from Xiamen University and a LLB degree from Manchester Metropolitan University. He is also an arbitrator of South China International Economics and Trade Arbitration Commission. Mr. Zhou resigned on 16 June 2021.

Ms. NG Sau Lai was appointed as the Company Secretary on 16 June 2021. Ms. Ng was admitted as a solicitor in Hong Kong and a solicitor in the United Kingdom in 1998 and 1999 respectively. Thereafter she worked for law firms, government department and a regulator in Hong Kong, and has extensive experience in legal and compliance matters. Ms. Ng received a LLB degree from the University of Hong Kong in 1995 and a second LLB degree from Tsinghua University in 2004. She also obtained a LLM degree from the University of California, Los Angeles in 2015.

Mr. MEI Bing (*Chief Financial Officer*), aged 56, was appointed as Chief Financial Officer of the Company since January 2019. Mr. Mei is a seasoned financial executive with a distinguished career of more than 20 years of successful financial management experience in the U.S. and China. From 2016 through joining the Company, he served as Chief Financial Officer and Board Director of Kandi Technology, a NASDAQ listed leading new energy vehicle manufacturer in China. From 2011 through 2016, he served as Chief Financial Officer and Board Secretary of Skystar Bio-Pharmaceutical Company, a NASDAQ Listed biotechnology company in China. From 2015 through 2016, he also served as an independent non-executive Board Director and Chairman of the Audit Committee of Jiangsu PharmaMax Corporation. From 2006 through 2011, Mr. Mei served as Chief Financial Officer of Avineon, Inc., a multinational technology company in the U.S., where he managed its global financial operations in North America, Asia and Europe. Prior to that, he served as Financial Controller of Arrowhead Global Solutions, Inc. (now part of Harris Corporation) and Thompson Hospitality Corporation, a member of the Compass Group family of companies, in the U.S. Mr. Mei received a B.S. degree in Economics from Zhejiang University in Hangzhou, China and holds an M.B.A. degree from The Fuqua School of Business at Duke University in the U.S., where he graduated with distinction as a Fuqua Scholar. He is a Certified Public Accountant (CPA) in the U.S., a Certified Management Accountant (CMA) in the U.S., and a Chartered Global Management Accountant (CGMA).



DIRECTORS' REPORT

The directors ("Directors") of Wealthking Investments Limited (the "Company", together with its subsidiaries, collectively referred to as the "Group") are pleased to present their annual report together with the audited consolidated financial statements for the year ended 31 March 2021 (the "Year").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment company incorporated with limited liability as an exempted company in the Cayman Islands on 26 July 2002. The principal investment objective is to achieve earnings for the Company in the form of medium to long term capital appreciation through investing in a diversified portfolio of global investments in listed and unlisted enterprises. The activities of its subsidiaries are set out in the section headed "17. Subsidiaries" under Notes to the Consolidated Financial Statements.

SEGMENT INFORMATION

Segment information of the Group is set out in the section headed "8. Segment Information" under Notes to the Consolidated Financial Statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The directors do not recommend the payment of a dividend.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the Year are set out in the Consolidated Statement of Changes in Equity and the section headed "32. Reserves" under Notes to the Consolidated Financial Statements respectively.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in the section headed "30. Share Capital" under Notes to the Consolidated Financial Statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 March 2021 amounted to HK\$3,586,290,000.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association (the "Articles") or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders ("Shareholders").

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out in Financial Summary.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) when this report prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance.

DIRECTORS' REPORT

SHARE OPTIONS

Information about the share options of the Company during the Year is set out in the section headed “34. Share-based Payments” under Notes to Consolidated Financial Statements.

DIRECTORS

The Directors during the Year and up to the date of this report were:

Executive Directors

Mr. ZHANG Zhi Ping (resigned on 16 December 2020)

Mr. ZHANG Gaobo (resigned on 16 December 2020)

Dr. LIU Zhiwei

Non-executive Director

Dr. WU Zhong (retired on 31 August 2020)

Independent Non-executive Directors

Prof. HE Jia

Mr. WANG Xiaojun

Mr. CHEN Yuming

Dr. FU Weigang

Dr. Wu Zhong retired at the annual general meeting on 31 August 2020. On 16 December 2020, Mr. Zhang Zhi Ping resigned as an executive director; Mr. Zhang Gaobo resigned as an executive director, the Chairman of the Board and the Chairman of the Nomination Committee; and Dr. Liu Zhiwei was appointed as the Chairman of the Board.

Prof. He Jia, Mr. Wang Xiaojun, Mr. Chen Yuming and Dr. Fu Weigang will retire from office at the forthcoming annual general meeting according to their term of appointment and Article 113 of the Company's Articles of Association. All of them offer themselves for re-election.

The Company confirms that it has received from each of the INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the INEDs are independent. The reasons are given in the “Corporate Governance Report” to this report.

Biographical details of the Directors as at the date of this annual report are set out in the “Biographical Details of Directors and Senior Management” to this report.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors either has entered into a service contract for a specific term with the Company or was appointed for a specific term, any of which is not more than three years. All of the Directors are subject to retirement by rotation in accordance with the Articles. No director offering for re-election at the forthcoming annual general meeting has entered into a service contract with the Company which is not terminable by the Company within one year without payment of compensation other than the normal statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the paragraph headed “Connected transactions” in this report and in the sections headed “Accounts and Loans Receivable” and “Related Party Transactions” under Notes to the Consolidated Financial Statements. No other contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries or its fellow subsidiaries was a party and in which any Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.



DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 March 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions and/or short position in shares and underlying shares of the Company:

(L) denotes Long position.

Number of ordinary shares/Underlying shares held in the Company

Name of director	Nature of Interests	Interests in shares	Interests under equity derivatives	As to % to the capital of the Company as at 31 March 2021 (note 1)
Dr. LIU Zhiwei	Beneficial owner	392,850,000(L)	–	13.54%

Note:

(1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 2,900,940,000 shares as at 31 March 2021.

Save as disclosed above, as at 31 March 2021, none of the Directors or chief executive of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2021, so far as the Directors or Chief Executive of the Company are aware, the following corporation and persons other than a Director or the chief executive of the Company had an interest or a short position in the Shares and underlying Shares, which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Long positions and/or short position in shares and underlying shares of the Company:

(L) denotes long position.

(S) denotes short position.

Number of ordinary shares/Underlying shares held in the Company

Name of shareholders	Capacity in which interest are held	Interests in shares	Interests under equity derivatives	As to % to the capital of the Company as at 31 March 2021 (note 1)
OPFGL (note 2)	Interest in controlled corporation	359,800,000(L)	–	12.40%
Mr. ZHANG Gaobo (note 2)	Interest in controlled corporation	359,800,000(L)	–	12.40%
Mr. ZHANG Zhi Ping (note 2)	Interest in controlled corporation	359,800,000(L)	–	12.40%
FTLife Insurance Company Limited (note 6)	Beneficial owner	290,000,000(L) 290,000,000(S)	–	9.99%
Cheng Yu Tung Family (Holdings II) Limited (note 6)	Interest in controlled corporation	290,000,000(L) 290,000,000(S)	–	9.99%
Mr. HE Zhiping (note 4)	Interest in controlled corporation	287,000,000(L)	–	9.89%
Wah Hing Global Investment Limited (note 4)	Beneficial owner	287,000,000(L)	–	9.89%
Mr. FU Jianping (note 5)	Interest in controlled corporation	287,000,000(L)	–	9.89%
Full House Investment Limited (note 5)	Beneficial owner	287,000,000(L)	–	9.89%
Magopt Ltd. (note 10)	Beneficial owner	–	202,553,560(L)	6.98%
Mr. LIU Yu (note 10)	Interest in controlled corporation	–	202,553,560(L)	6.98%
CMAM Investment Fund SPC, acting on behalf and for the account of CMAM Greater China Selected Fixed Income SP (note 8)	Beneficial owner	188,000,000(L)	–	6.48%
Tycoon Champ Limited (note 9)	Interest in controlled corporation	188,000,000(L)	–	6.48%

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Number of ordinary shares/Underlying shares held in the Company

Name of shareholders	Capacity in which interest are held	Interests in shares	Interests under equity derivatives	As to % to the capital of the Company as at 31 March 2021 (note 1)
Bestone Asset Management Co., Ltd (note 3)	Beneficial owner	169,720,000(L)	–	5.85%
21st Century Champion Limited (note 3)	Interest in controlled corporation	169,720,000(L)	–	5.85%
Ms. WANG Juan (note 3)	Interest in controlled corporation	169,720,000(L)	–	5.85%
RB Management Limited (note 7)	Beneficial owner	169,152,000(L)	–	5.83%
Oriental Simple Asset Management Co., Ltd (note 7)	Interest in controlled corporation	169,152,000(L)	–	5.83%
Ms. YANG Fuyi	Beneficial owner	165,962,500(L)	–	5.72%

Notes:

- (1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 2,900,940,000 shares as at 31 March 2021.
- (2) This represented an aggregate of 330,000,000 shares held by Ottness Investments Limited ("Ottness") and 29,800,000 shares held by Oriental Patron Financial Services Group Limited ("OPFSG"). Ottness is a wholly owned subsidiary of Oriental Patron Financial Group Limited ("OPFGL"), while 95% of the issued share capital of OPFSG is owned by OPFGL. The issued share capital of OPFGL is beneficially owned as to 51% by Mr. ZHANG Zhi Ping and 49% by Mr. ZHANG Gaobo. By virtue of the SFO, each of Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo is deemed to be interested in the shares and underlying shares of the Company held by Ottness and OPFSG.
- (3) This represented 169,720,000 shares held by Bestone Asset Management Co., Ltd ("Bestone Asset Management"). Ms. WANG Juan ("Ms. WANG") owns 100% of the issued share capital in 21st Century Champion Limited ("21st Century Champion") while 21st Century Champion owns 100% of the issued share capital in Bestone Asset Management. By virtue of the SFO, each of Ms. WANG and 21st Century Champion is deemed to be interested in the shares held by Bestone Asset Management.
- (4) This represented 287,000,000 shares held by Wah Hing Global Investment Limited ("Wah Hing"). Mr. HE Zhiping ("Mr. HE") owns 100% of the issued share capital in Wah Hing. By virtue of the SFO, Mr. HE is deemed to be interested in the shares held by Wah Hing.
- (5) This represented 287,000,000 shares held by Full House Investment Limited ("Full House"). Mr. FU Jianping ("Mr. FU") owns 100% of the issued share capital in Full House. By virtue of the SFO, Mr. FU is deemed to be interested in the shares held by Full House.
- (6) This represented 290,000,000 shares held by FTLife Insurance Company Limited ("FTLife Insurance"). FTLife Insurance is a wholly-owned subsidiary of Earning Star Limited ("Earning Star"), while Earning Star is a wholly-owned subsidiary of Success Idea Global Limited ("Success Idea"). NWS Service Management Limited ("NWS Service") owns 100% of the issued share capital of Success Idea, while NWS Holdings Limited ("NWS") owns 100% of NWS Service. The issued share capital of NWS is owned as to 60.86% by New World Development Company Limited ("New World Development"), while the issued share capital of New World Development is owned as 44.55% by Chow Tai Fook Enterprises Limited ("Chow Tai Fook Enterprises"). Chow Tai Fook (Holding) Limited ("Chow Tai Fook") owns 100% of the issued share capital of Chow Tai Fook Enterprises, while Chow Tai Fook Capital Limited ("Chow Tai Fook Capital") owns 81.03% of the issued share capital of Chow Tai Fook. As Cheng Yu Tung Family (Holdings II) Limited ("Cheng Yu Tung Family") owns 46.65% of Chow Tai Fook Capital. By virtue of the SFO, Cheng Yu Tung Family is deemed to be interested in the shares held by FTLife Insurance.
- (7) This represented 169,152,000 shares held by RB Management Limited ("RB Management"). Oriental Simple Asset Management Co., Ltd ("Oriental Simple Asset Management") owns 100% of the issued share capital in RB Management. By virtue of the SFO, Oriental Simple Asset Management is deemed to be interested in the shares held by RB Management.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Notes: (continued)

- (8) By virtue of the SFO, China Vered Financial Holding Corporation Limited, CM Financial Investment Management Limited, and CM Asset Management (Hong Kong) Company Limited are deemed to be interested in the shares held of CMAM Investment Fund SPC, acting on behalf and for the accounts of CMAM Greater China Selected Fixed Income SP.
- (9) By virtue of the SFO, Tycoon Champ Limited, and Venture Partners Asset Management Limited are deemed to be interested in the shares held by CMAM Investment Fund SPC, acting on behalf and for the accounts of CMAM Greater China Selected Fixed Income SP. CM Asset Management (Hong Kong) Company Limited is a joint shareholder of the shares.
- (10) This represented 202,553,560 underlying shares comprised in the unlisted warrants granted to Magopt Ltd. pursuant to the consultancy agreement approved at the extraordinary general meeting held on 30 March 2017. Mr. LIU Yu owns 80% of the issued share capital in Magopt Ltd. By virtue of the SFO, Mr. LIU Yu is deemed to be interested in the shares held by Magopt Ltd.

Save as disclosed above, as at 31 March 2021, the Company has not been notified by any other persons, not being a Director or chief executive of the Company, who has interests or short positions in the shares and underlying shares of the Company representing 5% or more of the Company's issued share capital.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Apart from the share option scheme disclosed under Notes to the Consolidated Financial Statements, at no time during the Year was the Company, any of its subsidiaries or its associated corporations 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 corporations.

EMOLUMENT POLICY

The emoluments of the Directors of the Company are subject to review and recommendation to the Board by the Remuneration Committee and then fixed by the Board with the authorization of the shareholders at a general meeting.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this report, there is a public float of more than 25% of the issued capital of the Company.

MANAGEMENT CONTRACTS

Save as disclosed in the paragraph below the New Investment Management Agreement and the section headed "38. Related Party Transactions" under Notes to the Consolidated Financial Statements and employment contracts, no other contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

ISSUE OF UNLISTED WARRANTS PURSUANT TO SPECIFIC MANDATE

On 13 January 2017, the Company has entered into a consultancy agreement ("Consultancy Agreement") with Magopt Ltd (the "Consultant") for its assistance on acquiring and capturing investment opportunities in the negotiation for achieving better investment terms and gains. The Company has agreed to conditionally issue and the Consultant has agreed to subscribe for 202,553,560 unlisted warrants at zero issue price, carrying the right to subscribe for an aggregate of 202,553,560 shares of the Company at a subscription price of HK\$2.20 per share.

Please refer to the section headed "39. Issue of Unlisted Warrants" under Notes to the Consolidated Financial Statements. The full version of the transaction details are set out in the Company's announcements dated 13 January 2017, 1 March 2017, 13 March 2017 and 30 March 2017, and the Company's circular dated 13 March 2017.



DIRECTORS' REPORT

CONNECTED TRANSACTIONS

During the Year, the Company had the following connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions of the Group in accordance with paragraph 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to The Stock Exchange.

The Company's independent non-executive Directors have reviewed the continuing connected transactions and confirmed that all continuing connected transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better; and
- (3) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

(a) Non-exempt continuing connected transactions

Investment Management Agreement

Pursuant to the Investment Management Agreement dated 18 July 2018 (the "Old Investment Management Agreement"), the Company appointed Oriental Patron Asia Limited ("OPAL") as its investment manager to provide investment management services for a period commencing on 1 September 2018 to 31 March 2021, and will pay OPAL a monthly management fee payable in Hong Kong dollars in arrears on or before the seventh business day of the immediately following calendar month at HK\$1,150,000 per month. For a period less than a month, the amount of such fee shall be calculated in proportion to the number of days on the basis of a calendar month of 30 days. During the Year, the management fee payable by the Company under the Old Investment Management Agreement to OPAL was HK\$5,750,000 (2020: Nil). The investment management fee paid was HK\$4,600,000 (2020: HK\$13,800,000) during the Year.

OPAL, being the investment manager of the Company, is regarded as a connected person of the Company by virtue of Rule 14A.08 of the Listing Rules and also because it is an associate of OPFGL, a substantial shareholder of the Company under Chapter 14A of the Listing Rules. The Old Investment Management Agreement constituted a continuing connected transaction of the Company.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (continued)

(a) Non-exempt continuing connected transactions (continued)

Investment Management Agreement (continued)

Pursuant to the Investment Management Agreement dated 8 April 2021, (the "New Investment Management Agreement"), the Company appointed Venture Partner Asset Management Limited ("VPAM") as its investment manager to provide investment management services for a period commencing on 7 April 2021 to 31 March 2024. Under the New Investment Management Agreement, the Company will pay VPAM, the investment manager, a management fee and performance fee. For the first year of the New Investment Management Agreement, the management fee shall be calculated at 0.012 per cent per annum of the Net Asset Value as at the immediately preceding last dealing day on the Stock Exchange in each calendar month on the basis of the actual number of days in the relevant calendar month over a year of 360 days. From the second year of the New Investment Management Agreement, the management fee shall be calculated at such other percentage figure agreed from time to time between VPAM and the Company as at the immediately preceding last dealing day on the Stock Exchange in each calendar month on the basis of the actual number of days in the relevant calendar month over a year of 360 days. A performance fee is calculated by reference to the increase in the Net Asset Value per Share as at the last business day of the relevant financial year of the Company. During the Year, no management fee was paid/payable by the Company under the New Investment Management Agreement to VPAM (2020: Nil).

VPAM is regarded as a connected person of the Company (i) by virtue of Rule 14A.08 of the Listing Rules because it is the investment manager of the Company; and (ii) by virtue of Rule 14A.07 of the Listing Rules because VPAM is an associate of Dr. LIU Zhiwei, an executive director and substantial shareholder of the Company. The New Investment Management Agreement constitutes a continuing connected transaction of the Company.

(b) Fully exempt continuing connected transactions

Service Agreement

On 29 July 2019, the Company entered into a Service Agreement (the "Service Agreement") with Finance Center for South-South Cooperation Limited ("FCSSC"), pursuant to which FCSSC has agreed to provide a number of services to the Company with a term of three years from 30 July 2019, and the principal and interest of HK\$9,975,000 payable by FCSSC under the Promissory Note (details are set out in the section of "Promissory Note") shall be used to fully set off against the service fee of HK\$9,975,000 payable by the Company to FCSSC on one-off basis, and the Company shall have no further obligation to pay any expenses.

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

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

FCSSC is owned as to 50% by Mr. Zhang Zhi Ping and Mr. Zhang Zhi Ping was an executive Director of the Company in the last 12 months. Therefore, FCSSC is an associate of Mr. Zhang Zhi Ping and a connected person of the Group under the Listing Rules. The Service Agreement constitutes a continuing connected transaction fully exempt from the requirements under Chapter 14A of the Listing Rules. Mr. Zhang Gaobo served as the Vice-President of FCSSC and also served as the Chairman of the Board of the Company in the last 12 months. Dr. Wu Zhong serves as the Vice-President and Director-General of FCSSC and also served as a non-executive Director and the Deputy Chairman of the Board of the Company in the last 12 months. This transaction has been approved by the INEDs of the Company. As all of the applicable percentage ratios (other than the profits ratio) with reference to the largest annual cap of the Service Agreement are less than 0.1%, this transaction is fully exempted from the requirements under Chapter 14A of the Listing Rules.



DIRECTORS' REPORT

CONNECTED TRANSACTIONS (continued)

(c) Connected transactions exempt from the circular (including independent financial advice) and shareholders' approval requirements

Promissory Note

The Company entered into the Subscription Agreement with FCSSC on 20 June 2016 and subscribed for the Promissory Note (the "Promissory Note") issued by FCSSC in the principal amount of HK\$9,500,000 in cash for a total consideration of HK\$9,500,000. Pursuant to the Promissory Note, FCSSC shall pay the total principal and interest of HK\$9,975,000 to the Company on the maturity date of the Promissory Note, being 21 June 2019. The Company entered into the Service Agreement (details are set out in the section of "Service Agreement") with FCSSC on 29 July 2019, pursuant to which the principal and interest of HK\$9,975,000 payable by FCSSC under the Promissory Note shall be used to fully set off against the total service fee of HK\$9,975,000 payable of by the Company to FCSSC on one-off basis, and the Company shall have no further obligation to pay any expenses. Prepaid service fee of approximately HK\$3,388,000 (2020: HK\$3,392,000) is amortized in proportion to services rendered by FCSSC during the Year.

FCSSC is owned as to 50% by Mr. Zhang Zhi Ping and Mr. Zhang Zhi Ping was an executive Director of the Company in the last 12 months. Therefore, FCSSC is an associate of Mr. Zhang Zhi Ping and a connected person of the Group under the Listing Rules. The Promissory Note constituted a connected transaction exempt from circular and shareholders' approval requirement under Chapter 14A of the Listing Rules. Mr. Zhang Gaobo served as the Vice-President of FCSSC and also served as the Chairman of the Board of the Company in the last 12 months. Dr. Wu Zhong served as the Vice-President and Director-General of FCSSC and also served as a non-executive Director and the Deputy Chairman in the last 12 months. This transaction has been approved by the INEDs of the Company.

(d) Fully exempt connected transactions

Securities Brokerage Commission

During the Year, the Company placed orders for buying shares in listed companies through its securities trading account maintained with Oriental Patron Securities Limited ("OPSL") and a brokerage commission ranged from 0.15% to 3.12% was charged by OPSL for each transaction ("Transaction") proceeds. The total brokerage fee paid by the Company to OPSL for the Year amounted to HK\$206,000 (2020: HK\$179,000).

OPSL is a connected person of the Company because it is an associate of OPFGL, a substantial shareholder of the Company under Chapter 14A of the Listing Rules. The transactions between the Company and OPSL constituted fully exempt connected transactions of the Company under Chapter 14A of the Listing Rules.

Agency Agreement

On 30 September 2019, the Company entered into an Agency Agreement (the "Agency Agreement") with Oriental Patron Capital Partners Limited ("OPCPL"). Pursuant to the Agency Agreement, the Company paid actual expenses of HK\$1,106,000 for a term of one year from 1 October 2019 on behalf of OPCPL, and OPCPL agreed to reimburse a fee of the same amount to the Company.

OPCPL is a connected person of the Company because it is an associate of OPFGL, a substantial shareholder of the Company under Chapter 14A of the Listing Rules. The transactions between the Company and OPCPL constituted fully exempt connected transactions of the Company under Chapter 14A of the Listing Rules.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (continued)

(d) Fully exempt connected transactions (continued)

Fee Payable to RFAL

Rich Fortune Allied Limited ("RFAL") has paid HK\$390,577 as part of the office rent, building management fee and government rates on behalf of the Company. Therefore, there is a fee of the same amount payable to RFAL by the Company in this regard during the Year.

Dr. Liu Zhiwei is a director and ultimate beneficial owner of RFAL and also an executive Director and the then CEO of the Company. Therefore, RFAL is an associate of Dr. Liu Zhiwei and a connected person of the Group under the Listing Rules. The fee payable to RFAL constitute a connected transaction fully exempted under Chapter 14A of the Listing Rules.

All of the connected transactions entered by the Group above have complied with the applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules.

BUSINESS REVIEW

Fair review of the Company's business and likely future development

Please refer to the section headed "Investment Review" under Management Discussion and Analysis.

Principal risks and uncertainties

Please refer to the section headed "5. Financial Risk Management" under Notes to the Consolidated Financial Statements.

Important events after the end of the financial year

Please refer to the section headed "Events after the Reporting Year" under Management Discussion and Analysis.

Environmental protection

Please refer to the section headed "Environmental Sustainability" under the Environmental, Social and Governance Report.

Compliance with laws and regulations

Please refer to the Subsections headed "Employment and Labour Practices", "Operating Practices" and "Anti-Corruption" under the Environmental, Social and Governance Report.

Operating policies

Please refer to the section headed "Operating Practices" under the Environmental, Social and Governance Report.

Company's key relationships with its employees

Please refer to the section headed "Employment and Labour Practices" under the Environmental, Social and Governance Report.

Community investment

Please refer to the section headed "Community Investment" under the Environmental, Social and Governance Report.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Company are set out in the sections headed "11. profit/(loss) for the Year and 12. Directors' Emoluments and Five Highest Paid Employees" under Notes to the Consolidated Financial Statements.



DIRECTORS' REPORT

AUDIT COMMITTEE

The Company established an 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 Company's audit committee comprised three independent non-executive Directors, namely, Mr. Chen Yuming, Prof. He Jia and Mr. Wang Xiaojun. 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.

AUDITOR

The consolidated financial statements for the Year have been audited by ZHONGHUI ANDA CPA Limited who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

A resolution to re-appoint the retiring auditor, ZHONGHUI ANDA CPA Limited, will be submitted at the forthcoming annual general meeting of the Company.

The consolidated financial statements for each of the two years ended 31 March 2019 and 2020 were audited by PricewaterhouseCoopers.

On behalf of the Board

Wealthking Investments Limited

LIU Zhiwei

Chairman

Hong Kong SAR, 25 June 2021

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Company and its board (the “Board”) of Directors strongly believes that strict adherence to the highest governance standards is vital to fulfilling its corporate responsibilities as a listed company. The Directors and employees all endeavor to uphold and nurture accountability, transparency, fairness and integrity in all aspects of the Group’s operations. We are committed to the highest governance standards by regularly reviewing and enhancing our governance practices.

The principles set out in the Corporate Governance Code (“CG Code”) in Appendix 14 to the Listing Rules have been adopted to shape our corporate governance structure. This corporate governance report (“Corporate Governance Report”) describes how the principles of the CG Code were applied during the Year under different aspects.

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 A.6.7 provided that, the independent non-executive Directors and other non-executive Directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. The attendance of each Director, by name, at the board, committees’ and general meetings is set out in the subsection headed “Meetings” under Corporate Governance Report.

Code Provision C.1.2

Under Code Provision C.1.2, 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 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 and enable Directors to discharge their duties.

DIRECTORS’ SECURITIES TRANSACTIONS

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. It is also a regular practice of the Company to remind all Directors of the black out period and the Model Code immediately before the commencement of each black out period.

All Directors have confirmed that they have fully complied with the Model Code and the aforesaid internal policy regarding Directors’ securities transactions throughout the Year.

Directors’ and Chief Executive’s interests and/or short positions in shares and underlying shares of the Company or any associated corporation are shown in the section headed “Directors’ and Chief Executive’s Interests and/or Short Positions in the Shares and Underlying Shares of the Company or Any Associated Corporations” under Directors’ Report.



CORPORATE GOVERNANCE REPORT

THE BOARD

Composition

The Board currently comprises five members. One of them is executive Director and the remaining four members are independent non-executive Directors (“INEDs”) who are either legal professional, or accounting or financial experts.

The Board’s constitution is governed by Article 105 of the Articles of Association of the Company (the “Articles”) under which the number of Directors shall not be less than two and Rules 3.10 and 3.10A of the Listing Rules under which every board of Directors of a listed issuer must include at least three independent non-executive Directors, at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise, and an issuer must appoint independent non-executive Directors representing at least one-third of the board. Its composition also ensures that there is a balance of skills and experience appropriate to the requirements of the business of the Group and a balance of executive and non-executive Directors (including INEDs) so that there is a strong independent element on the Board, which can effectively exercise independent judgement. There is no relationship (including financial, business, family or other material relationship) among members of the Board.

The list of Directors and their biographies (including their roles and functions at the Company) are set out in the Biographical Details of Directors and Senior Management section of this Annual Report, and are available on the Company’s website.

Board Diversity Policy

The Board adopted its Board Diversity Policy in August 2013. A summary of the policy is as follows:

Board diversity can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience appropriate to the Company’s business model and specific needs. The Nomination Committee will: (i) discuss, agree and review annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption; (ii) report annually, in the Corporate Governance Report of the Company’s annual report, a summary of the policy, the measurable objectives set for implementing the policy, and the progress made towards achieving those objectives; and (iii) review the policy, as appropriate, to ensure the effectiveness of the policy and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Responsibilities

The overall management of the Group’s business is vested in the Board, which assumes responsibility for leadership and control of the Group and is collectively responsible for promoting success of the Group by directing and supervising its affairs. All Directors make decisions objectively in the best interests of the Group. The Board takes the responsibility for all major matters of the Company including: the preparation of the accounts, the approval and monitoring of all policy matters, overall strategies, risk management and internal control systems, appointment and retirement of Directors and other significant financial and operational matters. It will regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time to perform his duties. The executive Directors are responsible for overseeing the day-to-day management of the Group’s operations and implementation of the strategies set by the Board. The independent non-executive Directors will participate in board meetings and serve on the audit, remuneration, nomination and corporate governance committees to bring an independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments, standards of conduct and potential conflicts of interests, if any. As the Company is an investment company, investment management services have been delegated to the investment manager; the custodian services have been delegated to the custodian. The delegated functions and performance are reviewed periodically by the Board.

CORPORATE GOVERNANCE REPORT

THE BOARD (continued)

Chairman and Chief Executive Officer

The Chairman and the Chief Executive Officer of the Company are Dr. Liu Zhiwei and Dr. Zhu Xianzhong respectively.

There is a clear division of the management of the Board and the day-to-day management of business of the Group between the roles of the Chairman and the Chief Executive Officer to ensure that power is not concentrated in any one individual. The Chairman is mainly responsible for providing leadership for the Board and ensuring that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. The Chief Executive Officer is mainly responsible for implementing the strategies and policies approved by the Board, monitoring the performance and managing the day-to-day operation of the Group. There is no relationship (including financial, business, family or other material relationship) between the Chairman and the Chief Executive Officer.

Independence of Independent Non-executive Directors

To determine the independent non-executive Directors' independence, assessments are carried out upon appointment, annually and at any time where the circumstances warrant reconsideration. Each of the INEDs is appointed for a term from their appointment until the conclusion of the next general meeting. They are also subject to retirement by rotation of at least once every 3 years in accordance with Article 113 of the Articles and the CG Code. If an INED serves more than 9 years, his further appointment will be subject to a separate resolution to be approved by shareholders of the Company ("Shareholders") in accordance with the CG Code. The Company confirms that it has received from each of the INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the INEDs are independent in character and judgement, and fulfill the independence guidelines.

Prof. He Jia has been appointed as INED since 2002 and Mr. Wang Xiaojun has been appointed as INED since 2004. As they have been serving more than 9 years, their further appointments shall be approved by the Shareholders at the annual general meeting. Each of Prof. He Jia and Mr. Wang Xiaojun will offer themselves for re-election at the forthcoming annual general meeting. In assessing the independence of Prof. He Jia and Mr. Wang Xiaojun, the Board and the Nomination Committee have taken into account the following factors: 1) they do not hold any issued share of the Company; 2) they have never received any interest in any securities of the Company as a gift, or by means of other financial assistance, from a core connected person or the Company itself; 3) they are not employee, director, partner or principal of any professional adviser which provides services to the Company, its holding company or any of their respective subsidiaries or core connected persons, or any controlling shareholder, chief executive or director; 4) they do not have any material interest in any principal business activity of or are involved in any material business dealings with the Company, its holding company or their respective subsidiaries or with any core connected persons of the Company; 5) they are not on the board specifically to protect the interests of any entity whose interests are not the same as those of the shareholders as a whole; and 6) they are not connected with any director, chief executive or substantial shareholder of the Company. There is no evidence that their tenure has had any impact on their independence. Therefore, the Board and the Nomination Committee believe that both Prof. He Jia and Mr. Wang Xiaojun continue to demonstrate the attributes of an INED and their detailed knowledge and experience of the Group's business and their external experience continue to be of significant benefit to the Company.



CORPORATE GOVERNANCE REPORT

THE BOARD (continued)

Independence of Independent Non-executive Directors (continued)

Mr. Chen Yuming and Dr. Fu Weigang have been re-designated from non-executive Directors to independent non-executive Directors with effect from 15 July 2019. Since their appointment as Non-executive Directors on 29 June 2018, they have not held any management or executive role in the Company other than holding the office of Non-executive Directors and attending Board meetings. They and their immediate family members are not connected with any Director, chief executive or substantial shareholder of the Company. They and their immediate family members did not have any material interest in any business activity of or were involved in any business dealings with the Company, its holding company or any of their subsidiaries or with any core connected persons of the Company. They and their immediate family members are not financially dependent on the Company, its holding company or any of their subsidiaries or core connected persons of the Company. As at the date of this report and within the meaning of Part XV of the SFO, Mr. Chen Yuming and Dr. Fu Weigang do not have any interests in the shares of the Company.

Other than the above, the Board is satisfied that none of the factors set out in Rule 3.13 of the Listing Rules applies to their re-designation as independent non-executive Directors. Accordingly, the board is satisfied and has demonstrated to the satisfaction of the Stock Exchange that they are independent to act as independent non-executive Directors pursuant to Rule 3.14 of the Listing Rules.

Continuous Professional Development

All Directors should keep abreast of their responsibilities as Directors and the Company's business and activities. The company secretary continuously updates all Directors on the latest developments regarding Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all Directors. All Directors are also encouraged to attend relevant training courses and seminars that may require keeping abreast with the latest changes in laws, regulations and the business environment. Pursuant to Code Provision A.6.5, Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the Year, all Directors have participated in appropriate continuous professional development activities either by attending training courses or by reading materials relevant to the Company's business, corporate governance, the latest development of the industry or the Directors' duties and responsibilities. Each Director has confirmed that he has participated in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations. During the Year, Mr. Zhou Tao David, the Company Secretary, undertook no less than 15 hours of relevant professional training.

CORPORATE GOVERNANCE REPORT

THE BOARD (continued)

Meetings

Each Director makes every effort to contribute to the formulation of strategy, policy and decision-making by attending each meeting, whether in person or by telephonic conference, and each of them is prepared to contribute to the Group's business.

All Directors are also encouraged to attend general meetings and develop a balanced understanding of the views of the Shareholders. Besides general meetings, regular Board and committee meetings are held for reviewing, discussing, considering and approving the financial and operating performance, the overall strategies and policies of the Company.

There were 4 full Board meetings, 3 Audit Committee's meetings, 1 Remuneration Committee's meetings, 2 Nomination Committee's meetings, 2 CG Committee's meetings and 2 general meeting for the Year.

The attendance record of each Director was as follows:

Name of Directors	General (Note)	Regular Board (Note)	Meetings attended/held				CG Committee (Note)
			Audit Committee (Note)	Remuneration Committee (Note)	Nomination Committee (Note)		
Executive Directors							
Mr. Zhang Zhi Ping (resigned on 16 December 2020)	0/2	0/3	–	–	–	0/2	
Mr. Zhang Gaobo (resigned on 16 December 2020)	2/2	3/3	–	–	2/2	2/2	
Dr. Liu Zhiwei	1/2	3/3	–	–	–	–	
Non-executive Director							
Dr. Wu Zhong (retired on 31 August 2020)	0/1	2/2	–	–	–	–	
Independent non-executive Directors							
Prof. He Jia	0/2	4/4	3/3	1/1	2/2	2/2	
Mr. Wang Xiaojun	1/2	4/4	3/3	1/1	2/2	2/2	
Mr. Chen Yuming	0/2	4/4	3/3	1/1	2/2	2/2	
Dr. Fu Weigang	0/2	4/4	–	–	–	–	

Note: The attendance figure represents actual attendance/the number of meetings a director is entitled to attend throughout the Year.

Performance Evaluation

The executive Board conducts an evaluation of the Board's performance on an annual basis with the aim of ensuring continuous improvement in the functioning of the Board. The evaluation will focus on the Board structure, culture, decision-making processes, proceedings of meetings as well as the performance of the Board as a whole, with a view towards recommending areas for further improvement. The results of the evaluation will be presented to all Directors, including the INEDs, for review. The executive Board has conducted an evaluation for the Year which revealed that the Board performed well with a strong composition. The Board continued to operate efficiently and was well aligned with the Group's overall objectives.



CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

A total of 4 Board Committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the CG Committee (collectively referred to as the “Committees”) have been formed, each of which has specific roles and responsibilities delegated by the Board.

The Committees’ terms of reference are reviewed and updated regularly to ensure they continue to be at the forefront of best practice, and they are available on the Company’s website. Each Committee’s membership is also reviewed by the Board annually.

The member lists of the Committees are set out below in this Corporate Governance Report.

Audit Committee

The Audit Committee comprises three INEDs, namely, Mr. Chen Yuming, Prof. He Jia and Mr. Wang Xiaojun. Mr. Chen Yuming is the chairman of the Audit Committee.

The major role and function of the Audit Committee are to review the interim and annual results and risk management and internal control systems of the Company and perform other duties under the CG Code. More details of its duties are set out in its terms of reference.

During the Year, the Audit Committee has performed the following duties:

- made recommendations to the Board on the reappointment of the external auditor, the remuneration and terms of engagement of the external auditor;
- reviewed and monitored the external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- discussed with the external auditor the nature and scope of the audit and reporting obligations;
- made recommendations on the engagement of the external auditor to supply non-audit services;
- monitored integrity of the Company’s financial statements, annual report and interim report and reviewed significant financial reporting judgements contained in them;
- held two meetings with the external auditor;
- held one meeting with the internal auditors;
- reviewed and discussed the risk management and internal control systems with the management to ensure that management has performed its duty to have effective systems; and
- reviewed and discussed the adequacy of resources, staff qualification and experience of the Company’s accounting and financial reporting function.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (continued)

Remuneration Committee

The Remuneration Committee comprises three INEDs, namely, Mr. Wang Xiaojun, Prof. He Jia and Mr. Chen Yuming. Mr. Wang Xiaojun is the chairman of the Remuneration Committee.

The major role and function of the Remuneration Committee are to review and provide recommendations on the policy for the remuneration of all Directors and senior management. It will make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. More details of its duties are set out in its terms of reference.

During the Year, the Remuneration Committee has performed the following duties:

- made recommendations to the Board on the remuneration packages of individual executive Directors and Senior Management for the Year; and
- reviewed the Company's existing remuneration policy. The remuneration of the members of the senior management by band for the Year is set out in the section headed "Directors and Senior Management's Emoluments" under Notes to the Consolidated Financial Statements.

Nomination Committee

The Nomination Committee currently comprises one executive Director, Dr. Liu Zhiwei and three INEDs, namely, Mr. Chen Yuming, Prof. He Jia and Mr. Wang Xiaojun. Dr. Liu Zhiwei is currently the chairman of the Nomination Committee.

The major role and function of the Nomination Committee are to review and provide recommendations on the policy for the nomination of directors. More details of its duties are set out in its terms of reference.

The Nomination Committee has also reviewed the structure, size and composition of the Board, assessed the independence of INEDs and made recommendations on the re-appointment of retiring Directors to the Board. Save and except that Dr. Wu Zhoug retired at the AGM on 31 August 2020, re-appointments were approved by the Shareholders at the AGM held on 31 August 2020.

Corporate Governance Committee

The Corporate Governance Committee currently comprises three INEDs, namely, Mr. Chen Yuming, Prof. He Jia and Mr. Wang Xiaojun. Prof. He Jia is the chairman of the Corporate Governance Committee.

The major role and function of the Corporate Governance Committee are to review and provide recommendations on the policy for the corporate governance of the Company. More details of its duties are set out in its terms of reference.

During the Year, the Corporate Governance Committee has reviewed the Company's policy and practices on corporate governance, training and continuous professional development of Directors and senior management, compliance with the Corporate Governance Code and relevant disclosure in the annual report for the year ended 31 March 2020 and the interim report for the period from 1 April 2020 to 30 September 2020. Except for the Company's non-compliance with Code Provision C.1.2 of the CG Code, which have been disclosed in this Corporate Governance Report, the Corporate Governance Committee concluded that the Company has complied with other requirements of the Corporate Governance Code and all other Directors have fully complied with the Model Code during the Year. The disclosure in this Corporate Governance Report has also been reviewed by the Corporate Governance Committee.



CORPORATE GOVERNANCE REPORT

NOMINATION POLICY

1. Criteria for the selection and recommendation of candidates for directorship

The Nomination Committee should consider the following criteria when selecting and recommending candidates for directorship:

- (i) Experience and expertise: whether the candidates have the professional qualifications, skills, knowledge, expertise and experience relevant to the business development of the Company.
- (ii) Integrity and character: whether the candidates are a person of honesty, integrity and have a good reputation.
- (iii) Time commitment: whether the candidates can provide sufficient time to discharge their duties as a director, including attending board meetings, participating in director training and other matters of the Company.
- (iv) Diversity policy: whether the candidates satisfy the Board Diversity Policy of the Company, including but not limited to gender, age, cultural and educational background.
- (v) Independence: whether the candidates for independent non-executive Director satisfy the independence requirements of the Listing Rules, have a conflict of interest with the Company, are independent in character and judgment, and able to act on behalf of and in the best interests of the shareholders of the Company as a whole.
- (vi) Other factors that the Board or the Nomination Committee may further consider from time to time.

2. Nomination procedures

(1) Appointment of new director or replacement of director

- (i) Upon receipt of the proposal on appointment of new director or replacement of director, the Nomination Committee identifies and selects candidates through various channels, including but not limited to shareholders, Directors, management, the Company's human resources department and external headhunting companies.
- (ii) The Nomination Committee may evaluate candidates in such manner as they think fit, including but not limited to face-to-face interviews, background checks, and third-party verification.
- (iii) The Nomination Committee submits the list of shortlisted candidates to the Board for consideration. The Board, after consideration, makes the final decision on the appointment of the candidate based on the recommendation by the Nomination Committee.

(2) Re-election of director and nomination by shareholder

- (i) The Board should review the contribution of the retiring director to the Company and his/her level of participation and performance on the Board. The independence and the year of service should also be considered for the retiring non-executive director. Where a retiring director, being eligible, offers himself for re-election, and the Board considers appropriate, the Board shall recommend such retiring director to stand for re-election at a general meeting. A circular containing the information on such retiring director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules.
- (ii) No person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless, during a period, which shall be at least seven days, commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than seven days before the date of such meeting, there has been given to the Secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Group's accounts for each financial period and to ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the consolidated financial statements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

AUDITOR'S REMUNERATION

During the Year, the Audit Committee reviewed with the external auditors, ZHONGHUI ANDA CPA Limited, of the Group with regard to their independence, their appointment, the scope of their audit, their fees, and the scope and appropriate fees for any non-audit services provided by them.

During the Year, the fees paid/payable to ZHONGHUI ANDA CPA Limited and PricewaterhouseCoopers in respect of audit services and non-audit services amounted to HK\$1,350,000 and HK\$330,000 respectively.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report".

COMPANY SECRETARY

The Company Secretary, Zhou Tao David, is responsible for facilitating the Board process, as well as communication among the Board members, with the Shareholders and management of the Company. Mr. Zhou resigned on 16 June 2021.

Ms. NG Sau Lai was appointed as the Company Secretary on 16 June 2021 in place of Mr. Zhou.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meeting

Pursuant to Article 79 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of:

- any two or more members of the Company; or
- any one member of the Company which is a recognized clearing house (or its nominee) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitioner, and such requisitioner shall hold as at the date of deposit of the requisition not less than 10% of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitioner(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to them by the Company.



CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS (continued)

Convening of Extraordinary General Meeting (continued)

Pursuant to Article 80(a) of the Articles, subject to section 578 of the Companies Ordinance, an annual general meeting shall be called by notice in writing of at least 21 clear days (or such longer period as may be required by the Listing Rules), and a general meeting other than an annual general meeting shall be called by notice in writing of at least 14 clear days (or such longer period as may be required by the Listing Rules), which notice shall be given in the manner prescribed by these Articles to all members, to the Directors and to the Auditor. Notice of a general meeting shall be given to such persons as are, under these Articles, entitled to receive such notices from the Company. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered at the meeting and in the case of special business (as defined in Article 82) the general nature of that business. The notice convening an annual general meeting shall specify the meaning as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution.

Further details of the procedures for shareholders to convene general meetings and put forward proposals at a general meeting are set out in the Company's Articles which is available on the Company's website.

Shareholder Communication Policy

The Board is accountable to the Shareholders for the Company's performance and activities. It recognizes the importance of promoting mutual understanding between the Company and the Shareholders through ongoing engagement and communication.

The Company also maintains an ongoing dialog with the Shareholders, for example, through annual general meeting or other general meetings to communicate with them and encourage their participation. The Board always ensures that the Shareholders' and other stakeholders' views are heard and welcomes their questions and concerns relating to the Group's management and governance.

The Shareholders and other stakeholders may at any time send their enquiries and concerns to the Company by addressing them to the Company Secretary or the Investor Relations Officer by post or email at ir@oriental-patron.com.hk. The contact details of the Investor Relations Officer are set out in the Company's website.

Details of the Company's "Shareholder Communication Policy" are available on the Company's website.

INVESTOR RELATIONS

Change of Company Name and Constitutional Documents

The English name of the Company has been changed from "OP Financial Limited" to "Wealthking Investments Limited", and "華科資本有限公司" has been adopted as the Chinese name of the Company from 8 December 2020. There was no other change in the constitutional documents during the Year.

General Meetings

A general meeting is an important forum where communications with the Shareholders can be effectively conducted. During the Year, an annual general meeting and an extraordinary general meeting were held at the principal place of business of the Company on 31 August 2020 and 5 November 2020 respectively. Details of the poll results were posted on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group is committed to set up and maintain an effective risk management and internal control systems which is devised to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage and minimize rather than eliminate the risks of failure in the Group's operational systems.

The Board is responsible for maintaining a sound and effective risk management and internal control systems particularly in respect of the controls on financial, operational, compliance and risk management, to achieve the Group's business strategies and business operations and safeguard the Shareholders' investment and the Group's assets.

During the Year, the outsourced internal auditor, Cheng & Cheng Risk Advisory Services Limited, was responsible for the review and appraisal on the effectiveness of risk management and internal control system. The objective of this internal audit service was to assist the Audit Committee and the Board of Directors in carrying out their responsibilities in accordance with Code Section C.2 of the Corporate Governance Code ("Code" — Appendix 14 Main Board Listing Rules) to conduct a review of the effectiveness of the Group's risk management and internal control systems and to report the findings in the Corporate Governance Report. Such review is based on the Integrated Framework of the Committee of Sponsoring Organisation of the Treadway Commission ("COSO") Framework and the Internal Control and Risk Management, and covered all material controls, including financial, operational and compliance controls and risk management functions. The internal auditor's reports concluded that there was no material defect and mistake in risk management and internal control system.

The Audit Committee accepted the reports and then report to the Board. After discussion with the Audit Committee, the Board was of the view that the existing risk management and internal control systems were generally effective to the Group, but the Group should consider the internal auditor's recommendations regarding risk management and internal control to support the growth of the Group.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. PREAMBLE

Over the last decade, sustainability has increasingly become a crucial aspect of investing. As Environmental, Social and Governance (“ESG”) investing underpinned by the Principles for Responsible Investment is accelerating in demand nowadays, topics from climate change, health and wellbeing, through to labour rights and social welfare are emerging and incorporated in investment decision-making processes. Globally, a growing share of investment processes, products and active ownership practices are integrating ESG principles. In 2020, while the COVID-19 Pandemic (“pandemic”) has led to a dramatic loss of human life worldwide and posed an unprecedented threat to public health, economic growth and social stability, it also brought people’s health and a series of ESG topics to the forefront and acted as a wake-up call for decision makers to prioritise a more sustainable approach to investment.

Wealthking Investments Limited (the “Company”) and its subsidiaries (the “Group”) is one of the leading cross-border investors with a focus on China’s fast-growing industries and the best investment opportunities. The Group has been embracing ESG concepts in daily operations and believes that by putting an appropriate emphasis on ESG and sustainability in investment analysis and decision making, it can achieve its investment objectives, lower the risks associated with ESG-related matters and ultimately create diversified returns for its shareholders.

II. REPORTING BOUNDARY & PRINCIPLES

In strict compliance with the requirements under Appendix 27 — ESG Reporting Guide (“ESG Guide”) of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), the Group is pleased to present its ESG Report for the year ended 31 March 2021 (“FY2020/2021”), which demonstrates the Group’s approach and performance in terms of ESG management and corporate sustainable development for FY2020/2021. For corporate governance section, please refer to the Group’s 2020 Annual Report on page 31.

The ESG Report has been prepared with reference to the latest enhancements to the existing ESG reporting regime adopted by the Stock Exchange. A complete content index table is available at the end of the ESG report for readers’ convenience to check its integrity. If there is any conflict or inconsistency, the English version shall prevail.

Boundary Setting

Given the business nature of the Group, the boundary of the ESG report remains the same as previous years that covers the performance and management policies of the Group’s investment business based in Hong Kong.

Reporting Principles

Materiality

In FY2020/2021, the Group performed a materiality assessment of the ESG-related topics with reference to the recommended procedures of the Stock Exchange based on continuous dialogues with its stakeholders. The Group consulted with its key stakeholders on its ESG impacts and their sustainability concerns, and prioritised and presented the relevant ESG issues material to the Group in its ESG management, to which the Group will continue to pay more attention in its business development.

Quantitative

The Group collected and summarised its performance in greenhouse gas (“GHG”) emissions, consumption of various energy resources and social Key Performance Indicators (“KPIs”) including the number of employees in terms of age, geographic locations, gender and position and position types, implementation of training policies and contributions to local communities and the society in a numeric manner.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Balance

To provide an unbiased picture of the Group's impact on and contribution to sustainable development, both achievements and rooms for improvements were discussed in the ESG Report.

Consistency

For better comparability and benchmarking, the Group based its approaches to boundary setting and the accounting of GHG emissions on Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, "How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories, which enabled the Group to effectively monitor its trajectory in minimising its carbon footprint.

III. MESSAGE FROM THE BOARD

Adhering to its mission of "Linking Opportunities to Value" and with a deep root in Hong Kong, the Group, since its establishment, has leveraged its unique cross-border and cross-sector advantages, and invariably acted as a bridge to facilitate cross-border integration and collaboration, based on which to create mutual benefits is its core value. Over the years, the Group has identified and invested in many leading companies with promising prospects in the sectors driven by China's economic development, technology advancement and social evolution, and achieved numerous accolades that consolidate its investment strategy and business purposes. In 2020, the Group was awarded the "Best Financial Company" in the 5th Golden Hong Kong Stock Award, which recognised its prominent position and development in financial performance, social responsibility as well as information transparency for better compliance.

With an increasing interest and tenacity to pursue the integration of ESG and impact investing into operations, the Group has persevered in seeking ways to enhance the ESG alignment of its analysis and investments, aiming to create a positive environmental and social impact while generating decent financial returns. Over the years, the Group has contributed to environmental protection and social welfare through investments, and more importantly, as part of the stewardship responsibility that it undertakes, the Group has focused on strengthening the engagement with investee companies in its portfolio from the perspective of ESG issues and relevant activities, with the goal of improving their ESG practices and disclosure.

Building upon a robust governance framework and resilient business model, fulfilling environmental and social responsibilities has been engrained in the Group's corporate culture, which starts from the commitment to sustainable investing and principles set by the Board of Directors of the Group (the "Board"). The Board is responsible for ensuring that the necessary mechanisms for corporate governance and ESG policies are in place, and overseeing the Group's ESG issues from a strategic perspective.

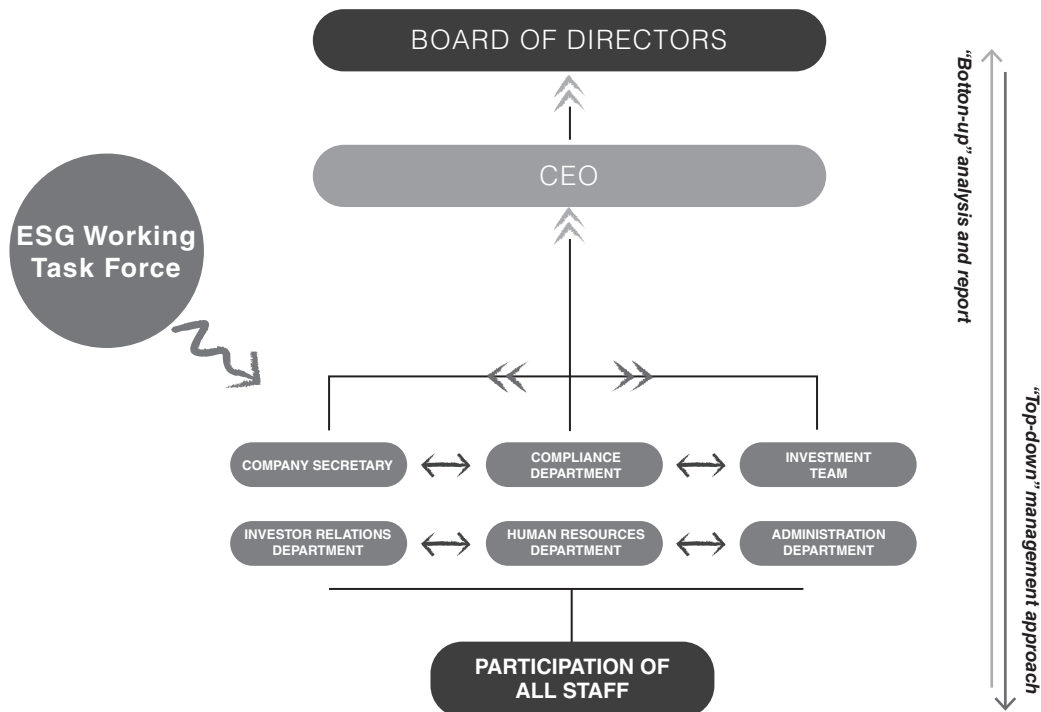
2020/21 was a year full of uncertainties and challenges due to the outbreak of the pandemic. Facing the unprecedented difficulties, the Group fully responded to the call of the government and brought in draconian measures in an effort to curb the spread of the virus, thereby protecting the health of its employees, business partners and clients.

The Group's investment strategy is comprised of three pillars, namely core-holding-centred private equity, portfolio management as well as trading and others, which allows the Group to empower the invested companies with great growth potential. Under the core holding strategy, the Group will be focusing on intelligent manufacturing, biotechnology and new energy industries. The new energy industry is strongly believed to benefit from the acceleration of transitioning towards clean energy, which will address the risks posed by energy depletion and climate change and the Group will be unwaveringly dedicated to further integrating the mindset and practices of ESG in its business, and continuously creating "green" investment returns for its shareholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

IV. ESG MANAGEMENT STRATEGY

The Board takes the lead on and oversees the management of ESG matters of the Group. Under the Board's leadership, all departments and staff execute relevant ESG policies and report on material affairs in performing duties. The ESG Working Task Force, comprised of employees from the departments of compliance, investment, investor relations, administration and human resources, is the unit responsible for coordinating daily ESG management, formulating and implementing annual ESG plans and organising internal ESG-related activities.



When integrating ESG considerations into operations including investment analysis, due diligence, decision-making and portfolio management, etc., our strong management framework and community strategy enable timely identification, report, discussion and analysing of material ESG risks and opportunities faced by different departments, which allows the Group to formulate and implement effective countermeasures in an efficient manner. The Group pays particular attention to the ESG-related risks associated with new investments and is committed to leveraging its capital strength to address the pressing ESG issues, including environmental degradation and climate change.

The Group acquires relevant ESG information including the effectiveness of the internal implementation of ESG policies and changes to the market that may engender external risks through regular reports and feedback from different departments. With a package of well-defined KPIs, the Group's ESG performance and potential risks arising externally can be monitored and measured effectively.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

V. STAKEHOLDER ENGAGEMENT



The Group has been engaging with its stakeholders to identify and address their concerns about the Group’s sustainable development on a continuous basis. By maintaining a sound relationship with all its stakeholders as well as through a proactive, outcomes-based engagement with its investee companies to promote best practices, the Group has involved its internal and external partners in defining, prioritising and implementing its sustainability strategies through the following means, during which the Group has carefully listened to and responded to its stakeholders’ concerns.

Communication with Key Stakeholders

Stakeholders	Expectations and Concerns	Communication Channels
Government and regulatory authorities	<ul style="list-style-type: none"> – Law and regulation compliance – Anti-corruption policies – Occupational health and safety 	<ul style="list-style-type: none"> – Supervision on the compliance with local laws and regulations – Routine reports and tax payments
Shareholders	<ul style="list-style-type: none"> – Return on investments – Corporate governance – Law and regulation compliance 	<ul style="list-style-type: none"> – Regular reports – Announcements – Annual general meetings
Employees	<ul style="list-style-type: none"> – Employees’ remuneration and benefits – Career development – Training opportunities – Health and safety in the workplace 	<ul style="list-style-type: none"> – Performance appraisal – Regular meetings and training courses – Written comments via emails, notice boards, telephone calls and team building activities with management
General public	<ul style="list-style-type: none"> – Involvement in communities – Environmental, social and economic impacts of the Group’s investments – Employment opportunities 	<ul style="list-style-type: none"> – Media conferences and responses to enquiries – Corporate website – Social media platform



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Materiality Assessment

As ESG risks and opportunities vary among stakeholders of the Group involving different backgrounds, principal activities and business/operating models, the Group identifies the material ESG topics in a stepwise manner, including performing a materiality assessment survey with its selected stakeholder representatives. Specifically, the selected stakeholders were invited to participate in an online survey to express their views on a list of ESG issues of the Group. The online survey contained numerous well-designed questions, which were believed to be material and relevant to the Group's business development and strategies from the stakeholders' standpoint. The objective, transparent and decision-useful materiality assessment allowed the Group to prioritise its ESG issues.

Through the materiality analysis, the Group identified "Systemic Risk Management (e.g. Financial Crisis)", "Business Ethics & Anti-corruption", "Labour Practices" and "Water & Wastewater Management" as the ESG issues that were of great importance to the Group's sustainable development.

Stakeholders' Feedback

Striving for excellence, the Group welcomes its stakeholders' feedback and advice on the improvement of its corporate ESG approach and performance, especially the ESG issues identified as the most important ones in the materiality assessment of the Group. Readers are also welcomed to share their views on the ESG matters with the Group at ir@wealthking.com.hk.

VI. ENVIRONMENTAL SUSTAINABILITY

Under the overarching 14th Five-Year Plan of China highlighting a green, low-carbon and high-quality development transition, the Group has sought long-term sustainability of the environment and community in which it operates. Striving to minimise the potential environmental impact during its daily operations, the Group stringently complied with relevant environmental laws and regulations in Hong Kong in FY2020/2021, including Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong).

This section primarily discloses the Group's policies, practices and quantitative data on emissions, use of resources, the environment and natural resources in FY2020/2021.

Emissions

Given its business nature, the Group did not generate significant air emissions, which mainly came from the fuel combustion for vehicles. In FY2020/2021, the air emissions of sulphur oxides ("SO_x"), nitrogen oxides ("NO_x") and particulate matter ("PM") amounted to 0.13, 4.67 and 0.34 kg, respectively. In 2020, China has announced its pledge to achieve carbon peak by 2030 and carbon neutrality by 2060. In response to the national ambitions towards zero-carbon economy, the Group has been dedicated to lowering its carbon footprint and in FY2020/2021, the GHG emissions from the Group were primarily due to the combustion of fossil fuels for vehicles and the purchase and consumption of electricity in the office. Specifically, the Group's total GHG emissions were 84.61 tonnes CO_{2e}, with an intensity of 0.07 tonnes CO_{2e}/m² Floor Area. As the solid waste and wastewater generated by the Group were managed by the property management company of the building where the Group operated in a unified manner, the Group did not have a detailed record of its waste amount during the year under review. Considering the business nature, the Group did not generate any hazardous waste in FY2020/2021. The Group's total emissions in FY2020/2021 were summarised in Table 1 in the Appendix.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Air & GHG Emissions

Climate change is widely recognised to be caused by anthropogenic GHG emissions, mainly from transportation, industry and agriculture. Under the ambitious climate goals pledged by China to achieve carbon peak by 2030 and carbon neutrality by 2060, the Group has targeted at a steeper cut in rates of carbon emissions by strictly controlling its electricity consumption and improving energy efficiency in vehicle use for business trips, thereby contributing to limiting the global temperature rise below the internationally agreed 1.5 °C.

While the Group's operations were mainly in the office that did not generate great amounts of air and GHG emissions, the Group has been committed to focusing on clean and renewable energy sectors through investments, in an effort to reduce its portfolio exposure to carbon-related risks and push forward the restoring of a "Beautiful China" (美麗中國).

In FY2020/2021, while the air pollutants from vehicle use rose slightly given the increasing amount of fossil fuels for business trips and purchase of electricity, the GHG emissions of the Group dropped substantially, which was primarily due to the significantly declined frequency of business air travels by employees during the pandemic. As the Group kept strengthening its efforts on the monitoring and recording of its GHG performance, the Scope 3 GHG emissions in FY2020/2021 further covered the disposal of waste paper from the Group.

The Group's policies in controlling air and GHG emissions that are closely linked to the energy use will be further described in the next subsections under **Electricity** and **Other energy resources**.

Wastewater & Solid Waste

In FY2020/2021, the waste generated from the Group's office was mainly commercial wastewater and solid waste including paper, batteries, cartridges and toners. The wastewater was directly discharged into the municipal drainage system, while the solid waste was handled by the property management company of the building. Since the amount of wastewater highly depends on the quantity of water used, the Group has adopted specific measures, which will be further described in the next subsection under **Water**, to reduce its water consumption in the office.

As part of its commitment to operational excellence and Sustainable Waste Stewardship, a circular thinking has been integrated into the ways the Group operates, which specifically advocates the "3R Principle" in waste management, namely Reduce, Reuse and Recycle. In FY2020/2021, the Group furthered its efforts in paper recycling, in collaboration with the property management company of the building.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Energy & Resources

In FY2020/2021, the primary resources consumed by the Group were electricity, unleaded petrol, water and paper. Table 2 in the Appendix illustrates the amount of different resources used by the Group in FY2020/2021 and FY2019/2020. Given the business nature, the Group did not consume any packaging materials during the year under review.

Electricity

The electricity consumed by the Group mainly came from the business operations in the office. In FY2020/2021, the electricity consumption of the Group in FY2020/2021 was 72,835 kWh, which was 14.5% higher than that in FY2019/2020.

The Group has integrated 'Saving Electricity' into its business strategy and operations. In particular, the Group's office specifically implemented the following practices during the year under review:

- Turned off all lights, electronic device and other power-consuming equipment at the end of the day;
- Switched off all idle lights and air conditioners;
- Placed 'Save electricity and turn off the light when you leave please' stickers to encourage employees to conserve energy;
- Purchased equipment with automatic low power mode or energy saving mode;
- Assigned representative(s) to coordinate energy saving programmes; and
- Partnered with the property management company to clean dust filters and fan coil units regularly.

Other Energy Resources

In FY2020/2021, the Group consumed unleaded petrol as its primary energy resources for transportation. During the year under review, the amount of fossil fuels for vehicles went up by around 5.7%. To manage the emissions and operating costs associated with the combustion of fossil fuels for energy, the Group has employed an improved energy management strategy grounded in data and focused on energy efficient solutions, including the encouragement of employees to make use of advanced video conferencing instead of unnecessary business travels and the promotion of "green travel" through carpool and means of public transport.

Water & Resources

As a key part of its environmental strategy, the Group has put forward a number of practical advices and solutions to help its employees better understand their water footprint and achieve water conservation. In FY2020/2021, the Group did not face any problem in sourcing water and has set up policies and raised recommendations pertinent to how to use water smartly. The Group will focus its efforts on monitoring and benchmarking the water usage in its operations, committed to improving the performance in water efficiency.

- Promoted and educated all staff to save water;
- Posted "Saving Water Resources" stickers in prominent places;
- Fixed and reported dripping taps timely for repair and maintenance; and
- Partnered with external parties to involve employees in water conservation initiatives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has long been promoting the concept of 'Paperless Office' and 'Office Automation' and encouraging its employees to use less paper in the workplace while strengthening their efforts to recycle the waste paper.

- Promoted office automation and disseminated messages by electronic means (i.e. emails or e-bulletin boards) as much as possible;
- Gave priority to recycled paper instead of virgin paper;
- Set duplex printing as the default mode for most of the network printers;
- Put a single-sided paper collection box and recycling box near the photocopiers; and
- Encouraged all staff to reuse one-side printed papers as drafts.

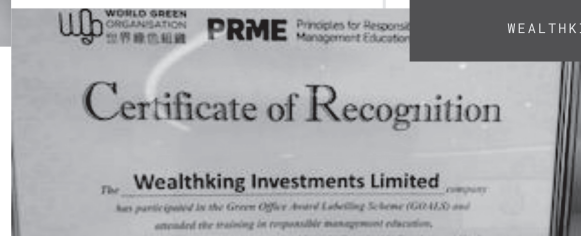
Environment and Natural resources

As the Group keeps integrating sustainability and ESG mindset into its business strategy and investment activities, its commitment to corporate and environmental responsibility has been unwavering. Despite its minimal environmental impacts considering that most of the Group's operations are carried out in the indoor environment, the Group has put efforts in improving its performance in energy and resource conservation, aiming to forge a workplace featuring sustainability elements.



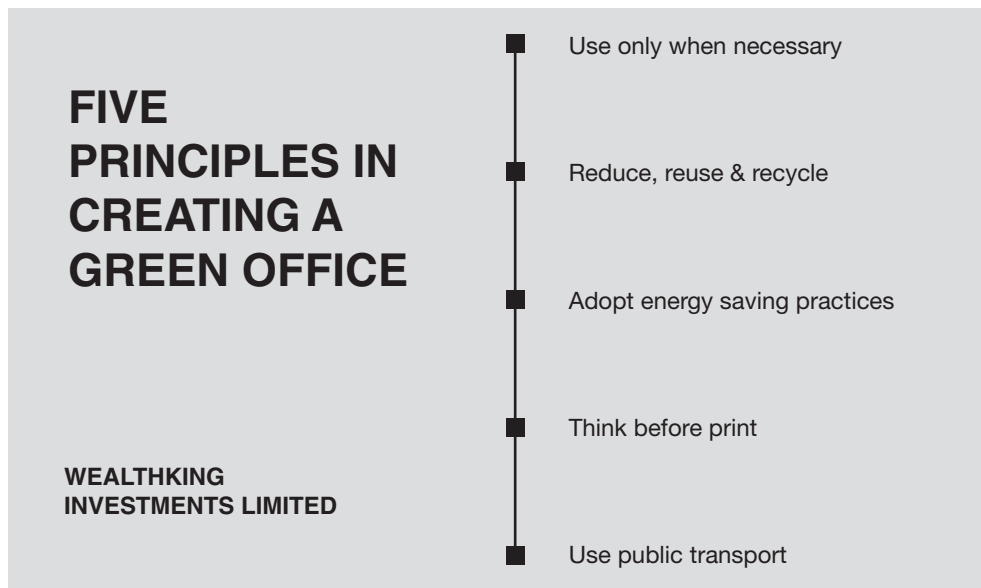
**SUPPORTING
ENVIRONMENTAL
PROTECTION**

WEALTHKING INVESTMENTS LIMITED



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has made its best effort to become an enterprise leading environmental sustainability, implementing various green projects in its investments and creating a workplace in energy conservation. In FY2020/2021, the Group was awarded the Green Office Awards Labelling Scheme (GOALS) and ECO-Healthy Workplace which was organised by the World Green Organisation (WGO). It was the 5th consecutive year of the Group achieving the award. Over the years, the Group has taken effective measures to minimise its impacts on the environment. For instance, the Group put a waste paper recycling grid in each photocopying area of the office. The Group worked on waste classification through the "Recycle Box" provided by the property management firm. As part of its communication strategy, material exchange was mainly in electronic form that reduced paper use. Looking forward, the Group will continue to be the ambassador to inspire actions on sustainable solutions and promote green office practices.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

Employment

As part of its corporate sustainability strategy, the Group believes that an inclusive corporate culture should be founded upon its respect and caring for employees. The Group treasures its employees' talent and strives to provide its employees with a suitable platform and working environment for their professional development. As of 31 March 2021, the total number of employees of the Group was 21, 20 of which were based in Hong Kong and 1 was based in Shenzhen, the People's Republic of China (the "PRC"). The breakdown of the Group's workforce in terms of age, gender and position levels is detailed in table 3 in the Appendix.

Law compliance

The Group's employment policies and practices abide by the relevant laws and regulations. In FY2020/2021, the Group complied with the relevant laws and regulations, including the following:

- *Employment Ordinance (Cap. 57 of the Laws of Hong Kong);*
- *Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong);*
- *Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);*
- *Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong);*
- *Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong);*
- *Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong); and*
- *Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong).*

Recruitment and promotion

The Human Resources Department of the Group is responsible for reviewing and updating relevant company policies on a regular basis in accordance with the latest laws and regulations. The Employee Handbook (員工手冊) and other internal policies are the Group's core standards regulating the employment practices of the Group and the foundation for maintaining a respectful, inclusive and safe working environment. Pursuant to the recruitment procedures and principles, the Group offers fair and competitive remuneration and benefits in accordance with the applicants' educational backgrounds, personal attributes, job experiences and career aspirations to attract high-calibre candidates. All new staff will receive an Employee Handbook, which clearly specifies the Group's policies, employment instructions and code of conduct. Specifically, as a supplemental material to the employment contract, the Employee Handbook details the work requirements in various areas, including probation period, attendance and punctuality, compensation, leaves, ethical and legal responsibilities, etc. With reference to market benchmarks in relation to staff promotion, the Group provides equal opportunities of promotion and development for eligible employees who have shown outstanding performance and potential in their positions.

Compensation and dismissal

The Group regularly reviews its compensation packages and performs appraisals of its employees to ensure that all employees can be recognised by the Group appropriately with respect to their capability, efforts and contributions. The procedures for adjustment of compensation and termination of employment are based on internal policies of the Group, such as the Employee Handbook. The Group strictly prohibits any kind of unfair or illegitimate dismissal, thereby implementing stringent policies regulating the procedures of dismissal, including verbal warning, warning in writing and termination of employment contracts if necessary.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Working hours and rest periods

In compliance with relevant ordinances, the Group has followed the Employee Handbook to determine the working hours and rest periods for its employees. The Group advocates the balance between work and life, thereby ensuring that the rights of employees for rest are respected. The Group believes that working long hours continuously without any break causes fatigue as well as safety and health problems. As such, the Group is committed to maintaining a working schedule under which its employees are encouraged to take rest breaks for work.

In addition to basic annual leave and statutory holidays, the employees of the Group are also entitled to extra leave benefits, such as marriage leave, maternity leave, paternity leave, compassionate leave as well as study and examination leave.

Equal opportunity, diversity and anti-discrimination

As an equal opportunity employer that prohibits discrimination and promotes equality in the workplace, the Group endeavours to create a fair, respectful and diverse working environment in all its human resources and employment decisions. The Group's internal policies regulate that hiring, training, promotion opportunities, dismissal and retirement policies are all based on factors irrespective of its employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other non-job related factors. The Group has zero tolerance in relation to any workplace discrimination, harassment or vilification in accordance with local ordinances and regulations. Employees are vigorously encouraged to report any incidents involving discrimination to the Human Resources Department of the Group, which takes the responsibility for assessing, dealing with, recording and taking any necessary disciplinary actions in relation to the substantiated cases.

Other benefits and welfare

The well-being of employees has always been one of the key concerns of the Group since its establishment. To enhance its employees' sense of belongings and boost their morale for work, the benefits including five-day workweeks, flexible leave application and annual dinner and parties have been arranged for the Group's colleagues. The Group works on building a "Breastfeeding Friendly Workplace" by providing adequate supporting mechanisms that allow for optimal breastfeeding practices. Over the years, the Group has participated in the "Family-friendly Employers Awards Scheme" organised by Family Council and has been awarded the "Family-friendly Employers" label. In FY2020/2021, given the social distancing rules under the pandemic, only a limited number of activities were organised by the Group for its employees.

In FY2020/2021, the Group was in compliance with the relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Health and Safety

The Group endeavours to create and maintain a healthy and safe workplace for its employees, and in particular commits to address any exposures of its employees to occupational health and safety risks. To provide a secure, clean and environmentally friendly working environment for its employees, the Group has established OHS (Occupational Health and Safety) policies as clearly specified in the Employee Handbook in line with material relevant laws and regulations in Hong Kong. Adhering to the instructions of Occupational Health and Safety Management Systems (ISO 45001: 2018), under the supervision of the Human Resources Department, the Group has rigorously implemented its internal policies and taken the following measures in particular:

- Ensured employees' desk setup is ergonomic;
- Encouraged employees to take regular breaks and lower overall sedentary exposure;
- Arranged emergency response drills regularly;
- Maintained and cleaned the air-conditioning systems regularly;
- Promoted "5S" concept in workplace management;
- Organised professional disinfection of carpets; and
- Prohibited smoking and drinking liquor in the workplace.

All full-time employees are entitled to medical plans covering out-patient clinical visits, hospitalisation, dental check-ups and surgical treatment. The Group upgraded the medical plan in FY2018/2019 that covered body check-ups, vaccinations and vision care, and increased the upper limit of each claim of dental consultation. The Group has also partnered with the insurance service provider to adopt an e-claim mobile application. Travel insurance is provided as an extra protection, especially for the employees who have frequent business trips. The Group has developed a response mechanism to deal with any emergency, by providing immediate support for the injured, launching investigations to examine root causes and taking corrective actions to avoid recurrence.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Response to the COVID-19 Pandemic

In 2020, the consequences of the pandemic profoundly affected public health, the economic and social stability and threatened long-term livelihoods and wellbeing of millions. Facing the significant challenges and extreme uncertainties brought by the global public health emergency, the Group, under the guidance of the Centre for Health Protection, has formulated and implemented a series of epidemic prevention and control guidelines and measures. To prevent and reduce the risks of virus transmission at workplace, the Group arranged its employees in different positions to work from home and allowed for flexible working hours. The Group supported and strictly conformed to the requirements of the property building in epidemic prevention and control, encouraging its employees to download and use the App of “LeaveHomeSafe”. Other requirements of the Group to protect the health of its employees included but were not limited to:

- Employees should check their body temperature before going to work;
- Employees who feel unwell should seek medical treatment as soon as possible;
- Employees should maintain good personal and environmental hygiene habits at all times, such as washing hands with liquid soap and water, and rubbing for at least 20 seconds; and
- Employees should wear masks when taking public transport or staying in crowded places.

During the year under review, the Group was not in violation of material relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that may have a significant impact on the Group.

Development and Training

As the Group believes that its employees’ weakness and deficiency of knowledge can be identified timely and addressed effectively through training, the Group encourages and supports its employees to further improve and develop their job-related skills and knowledge for career development as well as taking courses with recognised institutions.

The Group has been committed to designing and providing suitable training programmes to its employees in different positions, in order to enhance the professional competence of the post, develop good personal qualities and strengthen its core competitiveness in the market.

Given the business nature of the Group, it is of paramount importance for its employees to keep updated of the latest regulatory requirements and significant changes to the economic market. To further enhance their professional skills, so as to be aligned with the Group’s investment objectives, the employees of the Group are highly encouraged to take professional qualification examinations and enrol in external training programmes. Employees who have taken professional qualification examinations and obtained vocational qualification certificates relevant to their roles in the Group will receive reimbursements from the Group. A copy of “Examination & Training Reimbursement Form” can be obtained from the Administration & Personnel Manager for list of pre-approved examinations and procedures of reimbursement.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Labour Standards

In FY2020/2021, the Group abided by the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) in Hong Kong to prohibit any child and forced labour employment. To combat against illegal employment on child labour, underage workers and forced labour, the Human Resources Department of the Group requires all job applicants to provide valid identity documents and other materials including academic transcript, qualification/professional certificate and photos to ensure that they are lawfully employable prior to the confirmation of the employment according to the requirements in the Employee Handbook, as part of mandatory procedures for recruitment. The Human Resources Department is also responsible for monitoring and keeping the compliance of corporate policies and practices with relevant laws that prohibit child labour and forced labour. Once the Group finds any case against labour standards, a report will be made to the police and the employment will be immediately terminated.

In FY2020/2021, the Group was not in violation of any relevant laws and regulations, in relation to the prevention of child and forced labour that have a significant impact on the Group.

OPERATING PRACTICES

Supply Chain Management

As an enterprise with operations mainly in the office, the Group has partnered with a handful of suppliers and service providers for its office supplies and technical support. The Group has implemented its internal policies in controlling the potential risks in its supply chain management. As for the selection of suppliers for collaboration, a range of criteria including the reputation of suppliers, service/product quality, environmental management performance, cost, production and technical capacity, business track record for the past 3 years, economic disputes history with the Group and regulation compliance are elevated carefully before entering into agreement. The Administration Department is responsible for the procurement of the Group.

The Group considers environmental factors during the procurement and gives priority to the eco-friendly products under its “Green Procurement” principles. For example, the Group prioritises local suppliers in collaboration, which it believes can minimise the environmental footprint of products during transportation, while boosting local economic benefits. The Group regularly performs inspections or audits on its suppliers from environmental perspectives, which is an important criterion in its supplier evaluation and contract renewal.

Product Responsibility

In FY2020/2021, the Group abided by the relevant rules, regulations and standards in Hong Kong and the PRC that have a significant impact on the Group concerning health and safety, advertising, labelling and privacy matters with respect to its operations and services and methods of redress, including the following:

- *Main Board Listing Rules;*
- *Securities Law of the People’s Republic of China;*
- *Trust Law of the People’s Republic of China;*
- *Contract Law of the People’s Republic of China;*
- *Companies Ordinance (Cap. 622 of the Laws of Hong Kong);*
- *Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);*
- *Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong); and*
- *Consumer Council Ordinance (Cap. 216 of the Laws of Hong Kong).*

Given the Group’s business nature and the principle of materiality, the health and safety and labelling-related issues are not applicable to the Group, thereby not being discussed in this section.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Protecting data and customer privacy

In FY2020/2021, the Group abided by the laws in relation to customer and data privacy, and strictly implemented its internal policies including Personal Data Privacy Policy and Chinese Walls Policy, which were overseen by the Group's Compliance Department. To maintain the accuracy and security of personal data, the Group has taken appropriate physical, administrative and technical measures to safeguard the Closed-Circuit Television ("CCTV") record, which is used to facilitate access security improvement, property security improvement and computer security improvement. The Chinese Wall, which has been developed by the Group, is a system of functional barriers. The application of the Chinese Wall can:

- restrict the flow of non-public or price sensitive information by any means;
- ensure the use of confidential information is restricted to the appropriate user;
- reduce the risk of committing insider dealing due to the leakage of confidential and price-sensitive information; and
- protect the integrity and reputation of the company.

The Group's internal policies strictly regulate the procedures and requirements in handling confidential information and protecting or preventing disclosure or leakage of information to external parties. For instance, the Group requires that all files containing confidential information be securely protected, by following the rules including always carrying confidential papers in a briefcase when outside the office and encrypting the access to all desktop computer terminals or computer records that contain confidential information.

During the reporting year, there were no substantiated complaints received by the Group concerning the breaches of customer privacy and losses of customer data.

Responsible investment

As green finance and sustainable investing have become a global trend, the Group has integrated these non-financial factors into its existing investment process, which it believes can not only allocate capital to the market segments dedicated to solving the most pressing problems around the globe, but also play a role in funnelling investment opportunities and analysing the growth potential and risks of the investees and investment targets. The Group adopts both a "top-down" and "bottom-up" model upholding its investment activities. Specifically, the management identifies investment opportunities, performs research and due diligence with the investment team and prepares an investment recommendation report for the Investment Review Committee for approval. As for the investment opportunities spotted by the investment team, an in-depth analysis and comprehensive report is needed to be submitted to the management for approval, followed by procedures including due diligence, investment recommendation report and approval of Investment Review Committee. The amount of investment is the major factor determining if the investment needs to be reported to the Board who is responsible for decision-making.

In the selection of external investment managers, the Group follows the employment ordinances in Hong Kong and performs thorough due diligence of the candidates' techniques and capability, and in particular, requires the investment managers to:

- (1) Possess good performance in investment management with no records of violations of laws or regulations; and
- (2) Comply with relevant laws and regulations in relation to anti-corruption and anti-money laundering.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As screening is one of the several widely used tools that investment managers use to implement a responsible investment policy, the Group has adopted two ways of screening with clear criteria:

- Positive screening: Taking clean and new energy as one of the key focuses in investment. The due diligence, evaluations and calculations of investment projects are carried out to prioritise those with positive environmental, social and economic impacts.
- Negative screening: excluding military, tobacco and gambling industries, as well as the industries and companies with significant ESG-related risks.

In the past few years, the Group has partnered with and invested in “green” and “socially responsible” projects and companies engaged in businesses related to sustainability.

In 2017, the Group partnered with Beijing Enterprises Water Group (“BEWG”) to facilitate the establishment of BE Financial Service (Beijing) Investment Holdings Limited (“BEFS”). Through the establishment of BEFS, the Group has contributed to various environmentally sustainable projects, such as the improvement of water recycling and aquatic environment.

In 2019, the Group made an investment to 德興市益豐再生有色金屬有限責任公司 (“益豐”), which is an environmentally friendly technology-based enterprise engaged in resource regeneration that focuses on circular economy. Running its leading project called the “Harmless Treatment of Waste Residues and Comprehensive Recovery and Recycling of Polymetallic Materials” (廢渣無害化及多金屬綜合回收循環利用), 益豐 currently has 3 practical independent patents and one engineering technology research centre.

In FY2019/2020, the Group also made a prepaid consideration amounting to HK\$494.46 million through one of its subsidiaries with the seller, under which the Group determined to purchase a total of 63,202,590 shares, or 19.9% of total capital of Dagang Holding Group Co., Ltd. (“Dagang Holding”). Dagang Holding is a high-tech enterprise specialised in the R&D, manufacture and service of road construction and maintenance machinery and equipment and general contracting of domestic and overseas projects. Dagang Holding has penetrated into the environmental protection industry beyond its existing business and acquired 52% of the total equity of 眾德環保科技有限公司 in 2019, which engages in non-ferrous metal recycling based in Hunan Province, PRC.

In 2020, the pandemic restricted economic activities and triggered large-scale economic stimulus policies by central banks of various countries and economies. The intense efforts to address COVID-19 have greatly enhanced public perception of biopharma industry, escalating the global attention to the healthcare sector to an unprecedentedly high level. In terms of equity investment, the Group has incorporated biopharma into its focus, aiming to facilitate the development of the healthcare industry to protect people’s wellbeing while creating a considerable rate of return for the Group. In 2018, the Group invested in iCarbonX Group Limited (“iCarbonX”) which is a global pioneer in artificial intelligence (“AI”) and precision health management as one of its core holding companies. iCarbonX has been deeply concerned with the outbreak of the pandemic 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 Shenzhen government for conducting COVID-19 test for people who need a testing results report to travel or work.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Anti-Corruption

To maintain a fair, ethical and efficient working environment, the Group abides by the local laws and regulations relating to anti-corruption and bribery, irrespective of the region where the Group operates, including the Anti-corruption law of the people's Republic of China (中華人民共和國反腐敗法), the Law of the People's Republic of China on Anti-money Laundering (中華人民共和國反洗錢法), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong) and the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

The Group has formulated and strictly enforced its anti-corruption policies, such as Non-investment Transaction Compliance Checklist (非投資交易合規初評檢查表), Declaration of Relationship with Listed Companies and/or Listing Applicants, Anti-money Laundering Risk Assessment Form, Investment Management Form and Policy on Acceptance of Advantage and Handling of Conflict of Interest, which clearly specifies the requirements under prevention of bribery, acceptance of advantage, offer of advantage, conflict of interest, misuse of official position and company information, etc, to prevent any fraudulent practices. Under the guidelines issued by the Securities & Futures Commission, all employees are required to make a declaration of interests for those accounts in which they or their associates have beneficial interests and report all such transactions to the Group. The Group regards honesty, integrity and fair play as its core values that must be upheld by all directors and staff of the Group at all times. The directors and Compliance Department of the Group are responsible for establishing and overseeing the internal control system.

Whistle-blowers can report verbally or in writing to the Audit Committee of the Group for the suspected misconduct with full details and supporting evidence. The Audit Committee will conduct investigations against the suspicious or illegal behaviour to protect the Group's interests. The Group promotes an effective grievance mechanism to protect the whistle-blowers from unfair dismissal or victimisation. Where criminality is suspected, a report will be made promptly to the relevant regulators or law enforcement authorities when the management considers it necessary.

Over the years, the Group encouraged and required its employees to receive certain hours of anti-corruption training. In FY2020/2021, no concluded legal cases regarding corrupt practices were brought against the Group or its employees.

Community Investment

Since its establishment, the Group has been committed to supporting the development of local communities by leveraging its strength to address urgent social challenges and livelihood issues. Over the years, the Group and its directors, management and staff have relentlessly participated in the improvement of the wellbeing of community groups, and will in particular further its support on the development of education. Due to the pandemic, the Group postponed or cancelled many community activities in a response to local social distancing rules. To promote a caring and sustainable community, the Group will actively support the development and wellbeing of its local communities.

Six Industries Research Institute

The Group jointly cooperated with Shanghai Fudan University and the Finance Centre for South-South Cooperation Limited (FCSSC), to support the establishment of the Six Industries Research Institute of Fudan University (復旦大學六次產業研究院). This institute aims to assist Fudan University to promote the development of applied economics and management science, and on this basis, to promote the innovative projects of national food safety, healthy endowment and Six Industries-based poverty alleviation.

VIII. ENDING

2020 was a tough year to all in health and safety, and it is still yet to be over. Climate change, societal welfare, labour rights and a range of Sustainability topics during the difficult period have been highly emphasised to be the determinant of the resilience of any business. Looking ahead, the Group will keep benchmarking sound ESG practices in the market and genuinely integrate sustainability into its long-term business development strategy and roadmap.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX

Table 1 — The Group's Total Emissions by Category in FY2020/2021 and FY2019/2020⁶

Emission Category	Key Performance Indicator (KPI)	Unit	Intensity ¹ (Unit/Floor Area m ²) in		Intensity ² (Unit Floor Area m ²) in	
			Amount in FY2020/2021	Area m ² in FY2020/2021	Amount in FY2019/2020 ²	Area m ² in FY2019/2020
Air Emissions	SO _x	Kg	0.13	–	0.12	–
	NO _x	Kg	4.67	–	3.06	–
	PM	Kg	0.34	–	0.23	–
GHG Emissions	Scope 1 (Direct Emissions) ³	Tonnes of CO _{2e}	23.30	–	22.05	–
	Scope 2 (Energy Indirect Emissions) ⁴	Tonnes of CO _{2e}	58.27	–	51.54	–
	Scope 3 (Other Indirect Emissions) ⁵	Tonnes of CO _{2e}	3.04	–	94.69	–
	Total (Scope 1, 2 & 3)	Tonnes of CO _{2e}	84.61	0.07	168.28	0.13

- 1 Intensity for FY2020/2021 was calculated by dividing the amount of air, GHG and other emissions respectively by the Group's floor areas of operations in FY2020/2021, which was around 1,293 m²;
- 2 The amount and intensity in FY2019/2020 were extracted from the data in the ESG report set out in the Group's annual report for FY2019/2020;
- 3 The Group's Scope 1 (Direct Emissions) included only the consumption of unleaded petrol in motor vehicles;
- 4 The Group's Scope 2 (Energy Indirect Emissions) only included only electricity consumption;
- 5 The Group's Scope 3 (Other Indirect Emissions) only included other indirect emissions from paper waste disposed at landfill in FY2020/2021, whilst in FY2019/2020, the Group's Scope 3 (Other Indirect Emissions) only included business air travel. Under the strict travel restrictions due to the pandemic, the business air travel by the Group's employees declined dramatically, which was not integrated in the Group's GHG profile following the principle of Materiality;
- 6 The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report? — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong and the 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Table 2 – Total Resource Consumption in FY2020/2021 and FY2019/2020

Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2020/2021	Intensity ¹	Amount in FY2019/2020	Intensity ²
				(Unit/Floor Area m ²) in FY2020/2021		(Unit Floor Area m ²) in FY2019/2020
Energy	Electricity	kWh	72,835.00	56.33	63,628.00	49.21
	Unleaded Petrol	L	8,761.55	6.78	8,290.61	6.41
	TOTAL³	MJ	555,935.62	429.96	507,002.76	391.99
Water	Water ⁴	m ³	210	0.16	317.40	0.25
Paper	Paper	Kg	632.51	0.49	–	–

- 1 Intensity for FY2020/2021 was calculated by dividing the amount of resources the Group has consumed in FY2020/2021 by the Group's floor areas of operations in FY2020/2021, which was around 1,293 m²;
- 2 The amount and intensity in FY2019/2020 were extracted from the data in the ESG report set out in the Company's annual report for FY2019/2020;
- 3 The total energy was based on the energy conversion factors from the US Energy Information Administration; and
- 4 Given no record of water consumption that was managed by the property management company of the building during the year under review, the amount of water withdrawal was based on the estimation of water consumption per capita per day.

Table 3 – Number of Employees by Age Group, Gender, Employment Type and Position Level of the Group in FY2020/2021¹

Unit: Number of employees						
Gender	Age group				Total	
	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above		
Male	2	5	2	6	15	
Female	2	1	2	1	6	
Total	4	6	4	7	21	

Employment type		
Full time	Part time	Total
21	0	21

Position Level			
General staff	Senior employees	Director and management	Total
9	6	6	21

- 1 The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Table 4 — Employee Turnover Rate by Age Group, Gender and Geographical Locations in FY2020/2021¹

Unit Number of employees	Age group				Total
	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	
Gender					
Male	3	4	2	6	15
Employee turnover rate (percentage)					71%
Female	1	2	4	1	8
Employee turnover rate (percentage)					73%
Total	4	6	6	7	23
Total employee turnover rate (percentage)					72%

Geographical locations

Locations	Employee turnover	Employee turnover rate (percentage)
Hong Kong	23	73%
Shenzhen, PRC	0	0%

1 The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. Turnover rate was calculated by dividing the number of employees who left the Group in FY2020/2021 by the number of employees on average in FY2020/2021. Due to the pandemic and economic downturn, mass layoffs were made that resulted in the high turnover rate. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report? — Appendix 2: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Table 5 — Number and Rate of Work-related Fatalities of the Group in Past Three Financial Years¹

Year	FY2018/2019	FY2019/2020	FY2020/2021
Number of work-related injuries or fatalities	0	0	0
Rate of injuries or fatalities (per hundred workers)	0	0	0
Lost days due to work injury	0	0	0

1 The injury and fatality information was obtained from the Group's Human Resources Department. The methodology adopted for reporting the number and rate of work-related fatalities set out above was based on "How to Prepare an ESG Report? — Appendix 2: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Table 6 — Product/Service Recall and Complaint Received by the Group in FY2020/2021¹

Items	Number/Percentage
Percentage of total products sold or shipped subject to recalls for safety and health reasons	0 (N/A)
Number of products and service-related complaints received	0 (N/A)



INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF WEALTHKING INVESTMENTS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wealthking Investments Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 65 to 137, which comprise the consolidated statement of financial position as at 31 March 2021, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Refer to Note 19 to the consolidated financial statements.

The Group measured its investments at fair value through profit or loss with the changes in fair value recognised in the consolidated profit or loss. This fair value measurement is significant to our audit because the balances of investments at fair value through profit or loss using level 3 fair value measurement of HK\$2,673,241,000 as at 31 March 2021 is material to the consolidated financial statements. In addition, the Group’s fair value measurement involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Assessing the competence, independence and integrity of the external valuer engaged by client and our own engaged valuer;
- Obtaining the external valuation reports and meeting with the external valuer, with the assistance of our own engaged valuer, to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgements and assumptions applied in the valuation model;
- Checking key assumptions and input data in the valuation model to supporting evidence;

INDEPENDENT AUDITOR'S REPORT

INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Our audit procedures included, among others: (continued)

- Checking arithmetical accuracy of the valuation model; and
- Assessing the disclosure of the fair value measurement in the consolidated financial statements.

We consider that the Group's fair value measurement of the investments at fair value through profit or loss using level 3 fair value measurement is supported by the available evidence.

DEBT INVESTMENTS

Refer to Note 20 to the consolidated financial statements.

The Group tested the amount of debt investments for impairment. This impairment test is significant to our audit because the balance of debt investments of HK\$549,373,000 as at 31 March 2021 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Evaluating the Group's impairment assessment;
- Assessing the financial information of the debt investments;
- Obtaining and checking to evidence to support the Group's impairment assessment;
- Checking subsequent settlements from the debtors;
- Assessing the value of the collateral for the debts;
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements;
- Assessing the competence, independence and integrity of the external valuer engaged by client and our own engaged valuer;
- Obtaining the external valuation reports and meeting with the external valuer, with the assistance of our own engaged valuer, to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;
- Checking key assumptions and input data in the valuation model to supporting evidence; and
- Checking arithmetical accuracy of the valuation model.

We consider that the Group's impairment test for debt investments is supported by the available evidence.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirement of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/>

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Yeung Hong Chun

Audit Engagement Director

Practising Certificate Number P07374

Hong Kong, 25 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Turnover	7	624,258	352,164
Revenue	7	110,522	181,816
Other income		1,885	176
Net change in unrealised gain/(loss) on investments at fair value through profit or loss arising from			
– listed investments		242,953	(55,736)
– unlisted investments		562	(265,103)
		243,515	(320,839)
Net realised (loss)/gain on disposal/distribution of investments arising from			
– listed investments		(94,534)	(16,094)
– unlisted investments		(24,159)	4,660
		(118,693)	(11,434)
Net change in unrealised gain on financial liabilities at fair value through profit or loss		3,018	89,974
Realised loss on financial liabilities at fair value through profit or loss		(20,930)	(22,214)
Gain on disposal of an associate		20,546	1,859
Reversal of provision/(provision) for expected credit losses		74,709	(666,945)
Operating and administrative expenses		(62,136)	(156,012)
Operating profit/(loss)		252,436	(903,619)
Finance costs	9	(25,045)	(18,952)
Share of profits/(losses) of associates and joint venture		149,278	(444,046)
Profit/(loss) before tax		376,669	(1,366,617)
Income tax expense	10	(4,113)	(6,057)
Profit/(loss) for the year attributable to owners of the Company	11	372,556	(1,372,674)
Other comprehensive income/(expense)			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translating foreign operations		36,982	(15,727)
Share of associates'			
– Surplus reserve		(50)	341
– Exchange differences on translating foreign operations		517	55
Other comprehensive income/(expense) for the year, net of income tax		37,449	(15,331)
Total comprehensive income/(expense) for the year attributable to owners of the Company		410,005	(1,388,005)
Earnings/(loss) per share (HK\$)	14		
– Basic		0.13	(0.47)
– Diluted		0.13	(0.47)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
ASSETS			
Non-current assets			
Equipment	15	10,043	16,862
Right-of-use assets	16	46,880	78,160
Investments in associates and joint ventures	18	705,023	637,912
Investments at fair value through profit or loss	19	1,335,687	1,420,661
Debt investments	20	292,473	246,673
		2,390,106	2,400,268
Current assets			
Investments at fair value through profit or loss	19	2,342,097	824,634
Debt investments	20	256,900	961,626
Accounts and loans receivables	21	269,778	62,775
Interest receivables		24,696	9,737
Prepayments, deposits and other receivables	22	18,104	398,660
Bank and cash balances	23	66,607	117,388
		2,978,182	2,374,820
TOTAL ASSETS		5,368,288	4,775,088
EQUITY AND LIABILITIES			
Equity			
Share capital	30	290,094	290,094
Reserves	32	4,237,085	3,824,351
Total equity		4,527,179	4,114,445

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Liabilities			
Current liabilities			
Accounts payables	24	210,632	–
Other payables	25	26,287	26,147
Financial liabilities at fair value through profit or loss	26	6,331	32,422
Borrowings	27	528,603	506,848
Lease liabilities	28	29,635	30,069
Current tax liabilities		14,678	14,678
		816,166	610,164
Non-current liabilities			
Financial liabilities at fair value through profit or loss	26	917	931
Lease liabilities	28	19,913	49,548
Deferred tax liabilities	29	4,113	–
		24,943	50,479
Total liabilities		841,109	660,643
TOTAL EQUITY AND LIABILITIES		5,368,288	4,775,088
NET ASSETS		4,527,179	4,114,445
Net asset value per share	33	HK\$1.56	HK\$1.42

The consolidated financial statements on pages 65 to 137 were approved and authorised for issue by the board of directors on 25 June 2021 and signed on its behalf by:

LIU Zhiwei
Director

CHEN Yuming
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to owners of the Company								
	Share capital			Reserves					Total HK\$'000
	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium HK\$'000	Share- based payment reserve HK\$'000	Surplus reserve HK\$'000	Exchange reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000		
At 1 April 2019								291,663	
Total comprehensive income/(expense) for the year	-	-	-	-	341	(15,672)	(1,372,674)	(1,388,005)	
Cancellation of ordinary shares (note 30)	(1,569)	1,569	-	-	-	-	-	-	
Share-based payments (note 34)	-	-	-	5,430	-	-	-	5,430	
Forfeiture of share options	-	-	-	(643)	-	-	643	-	
Dividend paid	-	-	-	-	-	-	(133,443)	(133,443)	
Changes in equity for the year	(1,569)	1,569	-	4,787	341	(15,672)	(1,505,474)	(1,516,018)	
At 31 March 2020	290,094	-	4,674,804	48,718	515	(13,466)	(886,220)	4,114,445	
At 1 April 2020	290,094	-	4,674,804	48,718	515	(13,466)	(886,220)	4,114,445	
Total comprehensive (expense)/income for the year	-	-	-	-	(50)	37,499	372,556	410,005	
Share-based payments (note 34)	-	-	-	2,729	-	-	-	2,729	
Forfeiture of share options	-	-	-	(4,567)	-	-	4,567	-	
Changes in equity for the year	-	-	-	(1,838)	(50)	37,499	377,123	412,734	
At 31 March 2021	290,094	-	4,674,804	46,880	465	24,033	(509,097)	4,527,179	

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	2021 HK\$'000	2020 HK\$'000
Cash flows from operating activities		
Profit/(loss) before tax	376,669	(1,366,617)
Adjustments for:		
Dividend income	(1,065)	(3,078)
Interest revenue	(109,457)	(178,738)
Finance costs	25,045	18,952
Net foreign exchange (gains)/losses	(22,279)	11,998
Depreciation	36,382	46,139
Non-cash service fee expenses	3,388	4,317
Gain on disposal of an associate	(20,546)	(1,859)
Realised gain on disposal of a subsidiary	-	(2)
Net realised loss on disposal of investments	118,693	11,434
Realised loss on financial liabilities at fair value through profit or loss	20,930	22,214
Net change in unrealised (gain)/loss on investments at fair value through profit or loss	(243,515)	320,839
Net change in unrealised gain on financial liabilities at fair value through profit or loss	(3,018)	(89,974)
(Reversal of provision)/provision for expected credit losses	(74,709)	666,945
Share of (profits)/losses of associates and joint venture	(149,278)	444,046
Equity-settled share-based payments	2,729	5,430
Operating loss before changes in working capital	(40,031)	(87,954)
Change in accounts and loans receivables	789	(2,098)
Change in prepayments, deposits and other receivables	(7,606)	9,085
Change in accounts and other payables	(7,203)	(3,156)
Cash used in operating activities	(54,051)	(84,123)
Tax paid	-	(23,394)
Tax refund	-	12,837
Net cash used in operating activities	(54,051)	(94,680)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	2021 HK\$'000	2020 HK\$'000
Cash flows from investing activities		
Purchase of investments at fair value through profit or loss	(817,166)	(511,918)
Prepaid consideration for listed equity investment	(77,128)	(503,862)
Subscription of debt investments	–	(835,740)
Purchases of equipment	(13)	(18,100)
Net proceeds on disposal of listed securities	307,273	63,307
Proceeds on settlement of debt investments	607,332	1,173,225
Distribution/disposal from unlisted investments	127,327	151,313
Loans to third parties	(235,300)	–
Interest received	36,906	145,451
Dividends received	58,728	82,573
Distribution/redemption of unlisted investment funds	2,681	14,999
Payments to investment partners	(44,043)	–
Proceeds to financial participation arrangement	–	(5,011)
Proceeds received from a co-investment partner	–	4,774
Proceeds received from disposal of an associate	67,116	–
Net cash generated from/(used in) investing activities	33,713	(238,989)
Cash flows from financing activities		
Repayment of borrowings	(818,408)	(846,790)
Drawdown of borrowings	834,108	1,286,835
Dividend paid	–	(133,443)
Payment for principal portion of lease liabilities	(28,339)	(31,928)
Lease interests paid	(3,007)	(3,945)
Loan interests paid	(14,797)	(13,472)
Net cash (used in)/generated from financing activities	(30,443)	257,257
Net decrease in cash and cash equivalents	(50,781)	(76,412)
Cash and cash equivalents at the beginning of the year	117,388	193,800
Cash and cash equivalents at the end of the year	66,607	117,388
Analysis of cash and cash equivalents		
Bank and cash balances	66,607	117,388

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of the subsidiaries of the Company is set out in note 17 to the consolidated financial statements.

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

In the current year, 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 Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 April 2020. 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. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by investments and derivative which are carried at their fair values.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has joint control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a joint venture's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's functional and presentation currency.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- (iii) All resulting exchange differences are recognised in the exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the exchange reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment

Equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Motor vehicle	33 $\frac{1}{3}$ %
Computer equipment	25%
Office equipment	25%
Furniture	25%
Leasehold improvements	33 $\frac{1}{3}$ %

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Leases

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rate of buildings is 25% to 40%.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below United States dollars ("US\$") 5,000.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified as under the following categories:

- Financial assets at amortised cost; and
- Investments at fair value through profit or loss.

(a) Financial assets at amortised cost

Financial assets (including accounts and other receivables and debt investments) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(b) Investments at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

If, at the end of the reporting period, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Accounts and other payables

Accounts and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially recognised and subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

Revenue is measured at the fair value of the consideration received in the ordinary course of the Group's activities.

Revenue is recognised when it is probable that future economic benefits will flow to the Group and the amount of revenue can be measured reliably, on the following bases:

- (i) Dividend income is recognised when the shareholders' rights to receive payment are established.
- (ii) Interest income is recognised on a time-proportion basis using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group participates in a mandatory provident fund scheme in Hong Kong which is a defined contribution retirement scheme available to all employees, generally funded through payments to trustee-administered funds. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

(d) Bonus

The expected costs of bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligations can be made.

Liabilities for bonus are measured at the amounts expected to be paid when they are settled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

When the share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share capital and share premium. When the share options are forfeited or lapsed after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to retained profits/accumulated losses.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Segment reporting

Operating segments and the amounts of each segment item reported in the consolidated financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except investments and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. CRITICAL JUDGEMENT AND KEY ESTIMATES

Critical judgement in applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgement that has the most significant effect on the amounts recognised in the consolidated financial statements:

Assessment of investment entities

In preparing the consolidated financial statements, significant judgment has been applied by the management in the determination of the Company's status as an investment entity under Amendments to HKFRS 10 "Consolidated Financial Statements". Management have assessed the definition of an investment entity under HKFRS 10 "Consolidated Financial Statements" and given that the performance of the investments in associates are not measured on a fair value basis, management have concluded that the Company does not fall within the definition of an investment entity under HKFRS 10.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Fair value of investments at fair value through profit or loss not quoted in an active market and underlying investments of investment in an associate

In the absence of quoted market prices in an active market, the directors estimate the fair value of the Group's investments at fair value through profit or loss and underlying investments of investment in an associate, details of which are set out in notes 19 and 18 to the consolidated financial statements respectively, by considering information from a variety of sources, including the latest published financial information, the historical data on market volatility as well as the price and industry and sector performance of the Group's investments at fair value through profit or loss and underlying investments of investment in an associate.

(b) Expected credit losses of debt investments and bad and doubtful debts

The Group makes impairment loss for debt investments and bad and doubtful debts based on assessments of the recoverability of debt investments and receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of debt investments and bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of debt investments and receivables and doubtful debt expenses in the year in which such estimate has been changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as certain investments at fair value through profit or loss, loan and other receivables, bank balances, borrowings and other payables are denominated in Renminbi ("RMB"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

As at 31 March 2021, if RMB had strengthened/weakened 0.5% against HK\$ with all other variables held constant, profit after tax for the year would have been HK\$2,957,000 higher/lower (2020: loss after tax for the year would have been HK\$2,465,000 lower/higher), arising mainly as a result of the foreign exchange gains/losses on translation of certain investments at fair value through profit or loss, loan and other receivables, bank balances, borrowings and other payables denominated in RMB.

(b) Price risk

The Group's investments at fair value through profit or loss are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. The Directors manage this exposure by maintaining a portfolio of investments with difference risk profiles.

As at 31 March 2021, if the fair value of the investments increase/decrease by 10%, profit before tax would have been HK\$367,778,000 higher/lower (2020: loss before tax would have been HK\$224,530,000 lower/higher), arising as a result of the fair value gain/loss of the investments.

(c) Credit risk

At 31 March 2021, the Group's maximum exposure to credit risk in the event of the counterparties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amount of these assets as stated in the consolidated statement of financial position.

The credit risk on bank balances is limited because most of the counterparties are banks with investment-grade credit-ratings assigned by international credit-rating agencies.

The Group exposed to the credit risk if the counterparty to a financial instrument would fail to perform its obligation. The directors have overall responsibility for overseeing the credit quality of the debt portfolio. The management delegated investment teams responsible for monitoring processes to ensure that follow-up actions are taken to recover doubtful debts. Financial positions of the underlying companies are closely monitored by regularly reviewing their financial and operation results and assessing their abilities to fulfill the repayment obligations.

In order to minimise the credit risk, the Group reviews the recoverable amount of each loan receivable, dividend and interest receivables, prepayment and other receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

5. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

The Group uses three categories for debt investments, accounts, loans receivables and others which reflect their credit risk and how the expected credit loss (“ECL”) provision is determined for each of those categories. The credit loss allowance includes ECLs for financial instruments that may default in the next 12-month period for financial instruments that have not observed a significant increase in credit risk since initial recognition (“stage 1”) or over a lifetime period for financial instruments that have observed a significant increase in credit risk since initial recognition (“stage 2”). The allowance also includes lifetime ECLs for financial instruments where there is objective evidence of credit-impairment at the reporting date (“stage 3”).

The gross carrying amount of debt investments, accounts, loans receivables and others, and thus the maximum exposure to loss, is as follows:

	2021 HK\$'000	2020 HK\$'000
Debt investments		
Stage 1 – Unimpaired and without significant increase in credit risk	317,150	866,000
Stage 2 – Significant increase in credit risk	421,879	441,771
Stage 3 – Credit-impaired	332,791	442,791
Total gross debt investments	1,071,820	1,750,562
Less: ECL provision	(522,447)	(542,263)
Debt investments, net of expected credit losses	549,373	1,208,299

Stage 1: They are unlisted debt investments, interest-bearing at 8% per annum and with 5-year term. They were secured by financial support commitments provided by the business partner of the debt investees. The Group did not observe a significant increase in credit risk since initial recognition and provided 12-month ECLs with the assistance of an independent valuer on the Group’s ECL assessments at the reporting date.

Stage 2: They are unlisted debt investments, interest-bearing from 7% to 8% per annum and with 2 to 3.75-year term. The Group observed a significant increase in credit risk due to the financial difficulties encountered by the debt investees during the Year and assessed the lifetime ECLs of these debt investments based on the difference between (i) estimated recoverable amounts from the debt investees and (ii) gross carrying amount of the debt investments.

Stage 3: They are unlisted debt investments, interest-bearing from 6% to 10% per annum and with 3-year term. Objective evidence including inadequate repayment ability of debt investees, uncertainty related to going concern with the debt investee and subsequent request of debt restructuring from debt investee revealed credit impairment of these debt investments at the reporting date. The Group assessed the lifetime ECLs of these debt investments based on the difference between (i) estimated recoverable amounts from the debt investees and/or the guarantors and (ii) gross carrying amount of the debt investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

5. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

The gross carrying amount of debt investments, accounts, loans receivables and others, and thus the maximum exposure to loss, is as follows: (continued)

	2021 HK\$'000	2020 HK\$'000
Accounts, loans receivables and others		
Stage 1 – Unimpaired and without significant increase in credit risk	328,965	87,808
Stage 2 – Significant increase in credit risk	48,984	518,508
Stage 3 – Credit-impaired	122,930	102,745
Total gross accounts, loans receivables and others	500,879	709,061
Less: ECL provision	(188,301)	(237,889)
Accounts, loans receivables and others, net of expected credit losses	312,578	471,172

Stage 1: They are interest receivable from debt investments, loans provided to an associate and independent third parties and others. The Group did not observe a significant increase in credit risk since initial recognition and provided 12-month ECLs with the assistance of an independent valuer on the Group's ECL assessments at the reporting date.

Stage 2: They are interest receivable from debt investments and prepaid consideration. The Group observed a significant increase in credit risk due to the financial difficulties encountered by the debt investees during the Year and assessed the lifetime ECLs of these interest receivable from debt investments based on the difference between (i) estimated recoverable amounts from the debt investees and (ii) gross carrying amount of the debt investments.

Stage 3: They are interest receivable from debt investments and loan to a potential investee. Objective evidence including inadequate repayment ability of debt investees and borrower, uncertainty related to going concern with the debt investee and subsequent request of debt restructuring from debt investee revealed credit impairment of these debt investments at the reporting date. The Group assessed the lifetime ECLs of these debt investments based on the difference between (i) estimated recoverable amounts from the debt investees/borrower and/or the guarantors and (ii) gross carrying amount of the debt investments/loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

5. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

The gross carrying amount of debt investments, accounts, loans receivables and others, and thus the maximum exposure to loss, is as follows: (continued)

	Stage 1 12-month ECL HK\$'000	Stage 2 Lifetime ECL HK\$'000	Stage 3 Lifetime ECL HK\$'000	Total HK\$'000
Debt investments				
Exposure at 1 April 2019	2,088,840	–	–	2,088,840
Addition	365,495	470,245	–	835,740
Settlement	(1,145,225)	(28,000)	–	(1,173,225)
Transfer	(442,791)	–	442,791	–
Exchange difference	(319)	(474)	–	(793)
Exposure at 31 March 2020 and 1 April 2020	866,000	441,771	442,791	1,750,562
Write off	–	–	(71,518)	(71,518)
Settlement	(548,850)	(20,000)	(38,482)	(607,332)
Exchange difference	–	108	–	108
Exposure at 31 March 2021	317,150	421,879	332,791	1,071,820
Accounts, loans receivable and others				
Exposure at 1 April 2019	205,610	–	70,041	275,651
Addition	28,277	518,508	28,888	575,673
Settlement	(144,278)	–	–	(144,278)
Transfer	(4,663)	–	4,663	–
Exchange difference	2,862	–	(847)	2,015
Exposure at 31 March 2020 and 1 April 2020	87,808	518,508	102,745	709,061
Addition	302,690	102,047	33,816	438,553
Settlement	(68,992)	(3,735)	–	(72,727)
Write off	–	–	(19,190)	(19,190)
Transfer out	–	(567,853)	–	(567,853)
Exchange difference	7,459	17	5,559	13,035
Exposure at 31 March 2021	328,965	48,984	122,930	500,879

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

5. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

The following table reconciles the movement in ECL between the beginning and the end of the financial year:

	Stage 1 12-month ECL HK\$'000	Stage 2 Lifetime ECL HK\$'000	Stage 3 Lifetime ECL HK\$'000	Total HK\$'000
Debt investments				
ECL at 1 April 2019	63,361	–	–	63,361
Addition	53,000	239,454	–	292,454
Transfer	(72,666)	–	72,666	–
Settlement	(20,626)	–	–	(20,626)
Remeasurement	18,719	–	188,355	207,074
ECL at 31 March 2020 and 1 April 2020	41,788	239,454	261,021	542,263
Write off	–	–	(53,000)	(53,000)
Settlement	(28,904)	–	(16,674)	(45,578)
Remeasurement	11,794	7,811	59,157	78,762
ECL at 31 March 2021	24,678	247,265	250,504	522,447
Accounts, loans receivable and others				
ECL at 1 April 2019	–	–	49,846	49,846
Addition	–	136,395	27,741	164,136
Remeasurement	4,559	–	19,348	23,907
ECL at 31 March 2020 and 1 April 2020	4,559	136,395	96,935	237,889
Addition	20,278	22,156	37,325	79,759
Settlement	(2,312)	–	(1,538)	(3,850)
Write off	–	–	(13,888)	(13,888)
Transfer out	–	(117,764)	–	(117,764)
Remeasurement	850	–	–	850
Exchange difference	581	2,929	1,795	5,305
ECL at 31 March 2021	23,956	43,716	120,629	188,301

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

5. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

	Less than 1 year or on demand HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total HK\$'000
At 31 March 2021				
Accounts payables	210,632	–	–	210,632
Other payables	26,287	–	–	26,287
Borrowings	542,029	–	–	542,029
Lease liabilities	31,228	20,192	–	51,420
	810,176	20,192	–	830,368
At 31 March 2020				
Other payables	26,147	–	–	26,147
Borrowings	515,463	–	–	515,463
Lease liabilities	33,105	31,228	20,192	84,525
	574,715	31,228	20,192	626,135

(e) Interest rate risk

The Group's debt investments, loan receivable, other receivables, other payables and borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's exposure to interest-rate risk arises from its bank balances (2020: bank balances and bank borrowings). These balances bear interests at variable rates varied with the then prevailing market condition.

At 31 March 2021, if interest rates at that date had been 25 basis points higher/lower with all other variables held constant, profit for the year would have been HK\$167,000 higher/lower (2020: loss for the year would have been HK\$732,000 higher/lower), arising mainly as a result of higher/lower bank interest income (2020: finance costs on bank and other borrowings).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

5. FINANCIAL RISK MANAGEMENT (continued)

(f) Categories of financial instruments at 31 March

	2021 HK\$'000	2020 HK\$'000
Financial assets:		
Investments at fair value through profit or loss		
— Designated as such upon initial recognition	3,677,784	2,245,295
Debt investments	549,373	1,208,299
Financial assets at amortised cost (including cash and cash equivalents)	374,380	202,078
Financial liabilities:		
Financial liabilities at fair value through profit or loss		
— Designated as such upon initial recognition	7,248	33,353
Financial liabilities at amortised cost	815,070	612,612

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

6. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FAIR VALUE MEASUREMENTS (continued)

(a) Disclosures of level in fair value hierarchy at 31 March

Description	Fair value measurements using:			Total 2021 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Assets				
Investments at fair value through profit or loss				
– Listed equity securities	966,104	–	–	966,104
– Unlisted equity investments	–	–	2,644,309	2,644,309
– Unlisted investment funds/limited partnership	–	38,439	18,710	57,149
– Unlisted debt investments	–	–	10,222	10,222
	966,104	38,439	2,673,241	3,677,784
Liabilities				
Financial liabilities at fair value through profit or loss	–	–	(7,248)	(7,248)
Total recurring fair value measurements	966,104	38,439	2,665,993	3,670,536

Description	Fair value measurements using:			Total 2020 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Recurring fair value measurements:				
Assets				
Investments at fair value through profit or loss				
– Listed equity securities	164,888	–	–	164,888
– Unlisted equity investments	–	–	1,959,579	1,959,579
– Unlisted investment funds/limited partnership	–	25,301	28,089	53,390
– Unlisted debt investments	–	–	67,438	67,438
	164,888	25,301	2,055,106	2,245,295
Liabilities				
Financial liabilities at fair value through profit or loss	–	–	(33,353)	(33,353)
Total recurring fair value measurements	164,888	25,301	2,021,753	2,211,942

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For the year ended 31 March 2021

6. FAIR VALUE MEASUREMENTS (continued)

(b) Reconciliation of assets and liabilities measured at fair value based on level 3

Description	Investments at fair value through profit or loss					
	Unlisted equity investments HK\$'000	Unlisted investment fund/limited partnership HK\$'000	Unlisted debt investments HK\$'000	2021 Total assets HK\$'000	Financial liabilities at	2021
					fair value	Total
					through profit or loss HK\$'000	liabilities HK\$'000
At 1 April 2020	1,959,579	28,089	67,438	2,055,106	(33,353)	(33,353)
Total gains or losses recognised – in profit or loss ^(a)	88,738	557	(57,216)	32,079	(17,912)	(17,912)
Purchase	700,000	–	–	700,000	–	–
Disposals/distributions	(124,153)	(9,936)	–	(134,089)	44,043	44,043
Exchange difference	20,145	–	–	20,145	(26)	(26)
At 31 March 2021	2,644,309	18,710	10,222	2,673,241	(7,248)	(7,248)
^(a) Include gains or losses for assets and liabilities held at the end of the reporting period	73,846	1,768	(57,216)	18,398	3,018	3,018

Description	Investments at fair value through profit or loss					
	Unlisted equity investments HK\$'000	Unlisted investment fund/limited partnership HK\$'000	Unlisted debt investments HK\$'000	2020 Total assets HK\$'000	Financial liabilities at	2020
					fair value	Total
					through profit or loss HK\$'000	liabilities HK\$'000
At 1 April 2019	1,854,280	47,814	124,618	2,026,712	(101,991)	(101,991)
Total gains or losses recognised – in profit or loss ^(a)	(199,125)	(25,997)	(33,750)	(258,872)	67,760	67,760
Purchase	435,000	6,272	–	441,272	–	–
Disposals/distributions	(128,882)	–	(23,430)	(152,312)	–	–
Exchange difference	(1,694)	–	–	(1,694)	878	878
At 31 March 2020	1,959,579	28,089	67,438	2,055,106	(33,353)	(33,353)
^(a) Include gains or losses for assets and liabilities held at the end of the reporting period	(200,415)	(25,997)	(41,100)	(267,512)	89,974	89,974

The total gains or losses recognised in profit or loss including those for assets and liabilities held at the end of the reporting period are presented in net change in unrealised gain/(loss) on investments at fair value through profit or loss in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FAIR VALUE MEASUREMENTS (continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2021

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The chief financial officer reports directly to the board of directors (the "Board") for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation expert with the recognised professional qualifications and recent experience to perform the valuations, and refer to prices quoted by fund administrators.

Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value 2021 HK\$'000
Unlisted investment funds	Share of net assets	N/A	38,439
Description	Valuation technique	Inputs	Fair value 2020 HK\$'000
Unlisted investment funds	Share of net assets	N/A	25,301

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

6. FAIR VALUE MEASUREMENTS (continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2021 (continued)

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2021 HK\$'000
Investments at fair value through profit or loss					
Unlisted partnership interests	Share of net assets	N/A	N/A	N/A	18,710
Unlisted equity investments	Latest transaction price	N/A	N/A	N/A	2,276,027
	Market comparable companies	Price to book ratio	2.31	Increase	47,326 (note)
		Discount rate for lack of marketability	20.6%	Decrease	
	Share of net assets	N/A	N/A	N/A	130,308
Unlisted non-voting preference shares	Share of net assets	N/A	N/A	N/A	92
	Market comparable companies	Earning multiples	11.72	Increase	56,000 (note)
		Discount rate for lack of marketability	20.6%	Decrease	
Unlisted preference shares	Latest transaction price	N/A	N/A	N/A	134,556
Unlisted bond	Market comparable companies	Earnings multiples	18.0	Increase	10,222
		Discount rate for lack of marketability	30%	Decrease	
Financial liabilities at fair value through profit or loss	Share of investment results	N/A	N/A	N/A	(7,248)

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For the year ended 31 March 2021

6. FAIR VALUE MEASUREMENTS (continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2021 (continued)

Level 3 fair value measurements (continued)

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value 2020 HK\$'000
Investments at fair value through profit or loss					
Unlisted partnership interests	Share of net assets	N/A	N/A	N/A	28,089
Unlisted equity investments	Latest transaction price	N/A	N/A	N/A	1,601,950
	Market comparable companies	Earnings multiples	13.3–38.8	Increase	52,003
Unlisted non-voting preference shares	Share of net assets	Discount rate for lack of marketability	30.0%–46.2%	Decrease	129,943
		N/A	N/A	N/A	
Unlisted preference shares	Share of net assets	Discount rate	12.83%	Decrease	43,120 (note)
		Long term growth rate	3%	Increase	
		Discount rate for lack of marketability and control	40.60%	Decrease	
Unlisted preference shares	Market comparable companies	Market capitalisation movement of comparable companies	N/A	N/A	83,915 (note)
Unlisted bond	Market comparable companies	Earnings multiples	13.3	Increase	67,438
		Discount rate for lack of marketability	30%	Decrease	
Financial liabilities at fair value through profit or loss	Share of investment results	N/A	N/A	N/A	(33,353)

Note: The fair value of certain investments at fair value through profit or loss as at 31 March 2021 has been arrived at on the basis of valuations carried out on those dates by an independent qualified professional valuer not connected to the Group.

The change in valuation disclosed in the above table shows the direction an increase or decrease in the respective input variables would have on the valuation result.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

7. TURNOVER AND REVENUE

Turnover represents the aggregate of dividend income, interest revenue and gross sales proceeds from disposal/redemption of investments.

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

	2021 HK\$'000	2020 HK\$'000
Dividend income	1,065	3,078
Interest revenue	109,457	178,738
Total revenue	110,522	181,816
Gross sales proceeds from disposal/redemption of investments	513,736	170,348
<i>Turnover</i>	624,258	352,164

8. SEGMENT INFORMATION

The chief operating decision maker has been identified as the executive directors, subject to requirements of the Listing Rules. The executive directors assess 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 directors 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

	2021 HK\$'000	2020 HK\$'000
Revenue		
— Hong Kong	56,375	98,741
— Mainland China	8,405	5,316
— United States of America	45,742	77,759
	110,522	181,816

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

Non-current assets other than financial instruments

	2021 HK\$'000	2020 HK\$'000
Hong Kong	169,477	197,136
Mainland China	592,469	535,798

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

8. SEGMENT INFORMATION (continued)

Revenue from major debt investments

Revenue derived from debt investments of the Group which individually accounted for 10% or more of the Group's total revenue is shown below:

	2021 HK\$'000	2020 HK\$'000
Debt investment A	26,279	35,319
Debt investment B	21,897	23,879
Debt investment C	21,817	21,650
Debt investment D	11,947	29,046
Debt investment E	#	22,017

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

9. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interest on borrowings	22,038	15,007
Interest on lease liabilities	3,007	3,945
	25,045	18,952

10. INCOME TAX EXPENSE

	2021 HK\$'000	2020 HK\$'000
Current tax — Hong Kong Profits Tax		
— Over-provision in prior years	—	(2,177)
Deferred tax (note 29)	4,113	8,234
	4,113	6,057

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2021 and 2020 as the Group did not generate any assessable profits arising in Hong Kong during those years.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

10. INCOME TAX EXPENSE (continued)

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

	2021 HK\$'000	2020 HK\$'000
Profit/(loss) before tax	376,669	(1,366,617)
Tax at the weighted average tax rate	33,498	(123,789)
Tax effect of income not taxable for tax purpose	(65,118)	(22,028)
Tax effect of expenses not deductible for tax purpose	6,152	79,909
Tax effect of tax losses not recognised	28,907	64,609
Tax effect of temporary differences not recognised	674	1,299
Tax effect of deferred tax assets not recognised	-	8,234
Over-provision of Hong Kong Profits Tax in prior years	-	(2,177)
Income tax expense	4,113	6,057

11. PROFIT/(LOSS) FOR THE YEAR

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

	2021 HK\$'000	2020 HK\$'000
Depreciation of equipment	6,832	5,949
Depreciation of right-of-use assets	29,550	40,190
Auditor's remuneration		
– Audit services		
– Current	1,350	1,966
– Under-provision in prior year	1,000	395
– Non-audit services	330	411
	2,680	2,772
(Reversal of provision)/provision for ECL of		
– debt investments	(19,816)	478,902
– accounts, loans, interest and other receivables	(54,893)	188,043
	(74,709)	666,945
Directors' emoluments		
– As directors	2,830	14,977
– For management	-	3,749
– Equity-settled share-based payments	1,243	2,390
– Retirement benefits scheme contributions	-	18
	4,073	21,134
Staff costs including Directors' emoluments		
– Salaries and other benefits	22,537	56,344
– Equity-settled share-based payments	2,729	5,430
– Retirement benefits scheme contributions	477	644
	25,743	62,418

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' emoluments

Directors' emoluments for the year, disclosed pursuant to the applicable Listing Rules, is as follows:

Name of directors	2021				Total HK\$'000
	Fees HK\$'000	Salaries and other benefits HK\$'000	Equity- settled share-based payments HK\$'000	Retirement benefits scheme contributions HK\$'000	
<i>Executive directors:</i>					
ZHANG Zhi Ping (note i)	170	–	–	–	170
ZHANG Gaobo (note i)	170	–	–	–	170
LIU Zhiwei	240	–	–	–	240
<i>Non-executive director:</i>					
WU Zhong (note ii)	1,250	–	1,243	–	2,493
<i>Independent non-executive directors:</i>					
HE Jia	250	–	–	–	250
WANG Xiaojun	250	–	–	–	250
CHEN Yuming	250	–	–	–	250
FU Weigang	250	–	–	–	250
	2,830	–	1,243	–	4,073

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

(a) Directors' emoluments (continued)

Directors' emoluments for the year, disclosed pursuant to the applicable Listing Rules, is as follows: (continued)

Name of directors	2020				
	Fees HK\$'000	Salaries and other benefits HK\$'000	Equity- settled share-based payments HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
<i>Executive directors:</i>					
ZHANG Zhi Ping (note i)	3,000	–	–	–	3,000
ZHANG Gaobo (note i)	3,000	–	–	–	3,000
LIU Zhiwei	2,875	–	–	–	2,875
ZHANG Weidong (note iii)	–	3,749	38	18	3,805
<i>Non-executive director:</i>					
WU Zhong (note ii)	5,000	–	2,352	–	7,352
<i>Independent non-executive directors:</i>					
KWONG Che Keung, Gordon (note iv)	102	–	–	–	102
HE Jia	250	–	–	–	250
WANG Xiaojun	250	–	–	–	250
CHEN Yuming	250	–	–	–	250
FU Weigang	250	–	–	–	250
	14,977	3,749	2,390	18	21,134

Notes:

- (i) Resigned on 16 December 2020.
- (ii) Retired on 31 August 2020.
- (iii) Resigned on 10 February 2020.
- (iv) Resigned on 27 August 2019.

There was no arrangement under which a director waived or agreed to waive any emoluments during the year ended 31 March 2021 (2020: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

(b) Directors' material interests in transactions, arrangements or contracts

No other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year ended 31 March 2021 (2020: nil).

(c) Five highest paid employees

The five highest paid employees of the Group during the year included 1 (2020: 3) Directors whose emoluments are set out in note 12(a) to the consolidated financial statements. Details of the emoluments for the year of the remaining 4 (2020: 2) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2021 HK\$'000	2020 HK\$'000
Basic salaries and allowances	5,195	5,584
Discretionary bonuses	–	1,231
Equity-settled share-based payments	–	700
Retirement benefits scheme contributions	71	36
	5,266	7,551

The number of the highest paid employees who are not the Directors and whose emoluments falls within the following bands:

	Number of individuals	
	2021	2020
HK\$1,000,001 to HK\$1,500,000	3	–
HK\$1,500,001 to HK\$2,000,000	1	–
HK\$3,000,001 to HK\$3,500,000	–	1
HK\$4,000,001 to HK\$4,500,000	–	1
	4	2

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.



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For the year ended 31 March 2021

13. DIVIDEND

No dividends was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2021, nor has any dividend been proposed at the end of the reporting period (2020: nil).

14. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the following:

	2021 HK\$'000	2020 HK\$'000
Earnings/(loss)		
Earnings/(loss) for the purpose of calculating basic earnings/(loss) per share	372,556	(1,372,674)
	2021 '000	2020 '000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	2,900,940	2,900,940

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share are presented as the Company did not have any dilutive potential ordinary sharing during the years ended 31 March 2021 and 2020.

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15. EQUIPMENT

	Motor vehicle HK\$'000	Computer equipment HK\$'000	Office equipment HK\$'000	Furniture HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
Cost						
At 1 April 2019	777	1,013	116	578	2,746	5,230
Additions	-	791	153	1,829	15,920	18,693
Disposals	-	(9)	-	-	-	(9)
At 31 March 2020 and 1 April 2020	777	1,795	269	2,407	18,666	23,914
Additions	-	13	-	-	-	13
At 31 March 2021	777	1,808	269	2,407	18,666	23,927
Accumulated depreciation						
At 1 April 2019	237	369	17	156	333	1,112
Charge for the year	259	364	53	484	4,789	5,949
Disposals	-	(9)	-	-	-	(9)
At 31 March 2020 and 1 April 2020	496	724	70	640	5,122	7,052
Charge for the year	259	389	65	572	5,547	6,832
At 31 March 2021	755	1,113	135	1,212	10,669	13,884
Carrying amount						
At 31 March 2021	22	695	134	1,195	7,997	10,043
At 31 March 2020	281	1,071	199	1,767	13,544	16,862

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For the year ended 31 March 2021

16. LEASES AND RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

At 31 March	2021	2020
	HK\$'000	HK\$'000
Right-of-use assets – Buildings	46,880	78,160
Lease commitments of leases not yet commenced (other than short-term leases)	10,110	–
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
– Less than 1 year	31,228	33,105
– Between 1 and 2 years	20,192	31,228
– Between 2 and 5 years	–	20,192
	51,420	84,525
Year ended 31 March	2021	2020
	HK\$'000	HK\$'000
Depreciation of right-of-use assets – Buildings	29,550	40,190
Lease interests	3,007	3,945
Total cash outflow for leases	31,346	35,873

Lease agreements are typically made for fixed periods of 2.5 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

17. SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the subsidiaries of the Company as at 31 March 2021 are as follows:

Name	Place of incorporation/ registration and operation	Issued and paid up/ registered capital	Percentage of ownership interest/voting power/profit sharing 2021 and 2020		Principal activities
			Direct	Indirect	
Golden Investor Investments Limited	British Virgin Islands ("BVI")	US\$2	100%	–	Investment holding
Great Wonderful Limited	BVI	US\$1	100%	–	Investment holding
OP Capital Investments Limited	Hong Kong	HK\$1	100%	–	Investment holding
OP Digital Life (GP) Limited	Cayman Islands	US\$1	100%	–	Investment holding
OP Digital Me Limited	BVI	US\$1	100%	–	Investment holding
OP Felicity Limited	Hong Kong	HK\$1	100%	–	Investment holding
OPFI GP(2) Limited	Cayman Islands	HK\$0.1	100%	–	Investment holding
OP Fintech Holdings Limited	Cayman Islands	US\$1	100%	–	Investment holding
OP Furnishings (1) Limited	BVI	US\$1	100%	–	Dormant
OP Healthcare Limited	Cayman Islands	US\$1	100%	–	Dormant
OP Investment Service Limited	Hong Kong	HK\$1	100%	–	Administrative service centre for group companies
Power Creation Global Limited	BVI	US\$100	100%	–	Investment holding
Prestige Power Global Limited	BVI	US\$1	100%	–	Dormant
Profit Raider Investments Limited	BVI	US\$1	100%	–	Investment holding
Prosper Gain Holdings Limited	BVI	US\$1	100%	–	Investment holding
River King Investments Limited	BVI	US\$1	100%	–	Investment holding

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For the year ended 31 March 2021

17. SUBSIDIARIES (continued)

Particulars of the subsidiaries of the Company as at 31 March 2021 are as follows: (continued)

Name	Place of incorporation/ registration and operation	Issued and paid up/ registered capital	Percentage of ownership interest/voting power/profit sharing 2021 and 2020		Principal activities
			Direct	Indirect	
Silver Path Ventures Limited	BVI	US\$1	100%	–	Dormant
Snowball Plan Limited	BVI	US\$1	100%	–	Investment holding
South South Financial Investment Group Limited	BVI	US\$1	100%	–	Investment holding
Spring Inside Limited	BVI	–	100%	–	Investment holding
Spring Kirin Limited	BVI	US\$1	100%	–	Dormant
Suremind Investments Limited	BVI	US\$1	100%	–	Investment holding
Wall King Industry Investment Limited	BVI	US\$13,000,000	100%	–	Investment holding
英奇投資(杭州)有限公司	People's Republic of China ("PRC")	RMB800,000,000 [#]	100%	–	Investment holding
深圳華科君匯管理諮詢有限公司 (formerly known as 深圳東英管理諮詢有限公司)	PRC	HK\$8,000,000 [#]	100%	–	Administrative service centre for group companies
Apex Ridge Limited	BVI	US\$1	–	100%	Dormant
Digital Life L.P.	Cayman Islands	–	–	100%	Investment holding
Hong Kong Wall King Industry Investment Limited	Hong Kong	HK\$1,000,000	–	100%	Investment holding
Keynew Investments Limited	BVI	US\$1	–	100%	Investment holding
OP Digital Me Investment Ltd	BVI	US\$1	–	100%	Investment holding
OP New Health Limited	Hong Kong	HK\$1	–	100%	Investment holding

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For the year ended 31 March 2021

17. SUBSIDIARIES (continued)

Particulars of the subsidiaries of the Company as at 31 March 2021 are as follows: (continued)

Name	Place of incorporation/ registration and operation	Issued and paid up/ registered capital	Percentage of ownership interest/voting power/profit sharing 2021 and 2020		Principal activities
			Direct	Indirect	
Peak Achiever Holdings Limited	BVI	US\$1	–	100%	Dormant
South South Financial Investment Group (HK) Limited	Hong Kong	HK\$1	–	100%	Dormant
South South Green Energy Investments Limited	Hong Kong	HK\$1	–	100%	Dormant
Wisland Investments Limited	BVI	US\$1	–	100%	Investment holding
World Master Global Limited	BVI	US\$1	–	100%	Investment holding
上海鑫途信息科技有限公司	PRC	RMB15,000,000 [#]	–	100%	Investment holding
深圳華茂嘉德實業有限公司	PRC	HK\$1,000,000	–	100%	Investment holding
橫琴英奇股權投資企業 (有限合夥)	PRC	RMB50,000	–	100%	Dormant

[#] Capital registered but not fully paid up.

英奇投資(杭州)有限公司, 深圳華科君匯管理諮詢有限公司 (formerly known as 深圳東英管理諮詢有限公司) and 深圳華茂嘉德實業有限公司 are wholly-owned foreign enterprises established in the PRC.

As at 31 March 2021, the bank and cash balances of the Group' subsidiaries in the PRC denominated in RMB amounted to HK\$51,623,000 (2020: HK\$1,995,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2021 HK\$'000	2020 HK\$'000
Unlisted investments — share of net assets		
— Associates	705,023	637,912
— Joint ventures	—	—
	705,023	637,912

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For the year ended 31 March 2021

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

Details of the Group's associates and joint ventures at 31 March 2021 are as follows:

Name of entity	Principal place of business	Place of incorporation	Percentage of ownership interest and voting rights held by the Group		Principal activities
			2021	2020	
<i>Associates</i>					
CSOP Asset Management Limited ("CSOP")	Hong Kong	Hong Kong	22.5%	22.5%	Asset management and investment holding
Guotai Junan Fund Management Limited	Hong Kong	Hong Kong	29.9%	29.9%	Asset management and trading in securities
OPIM Holdings Limited	Hong Kong	BVI	30.0%	30.0%	Asset management
BE Financial Service (Beijing) Investment Holdings Limited ("BEFS")	PRC	PRC	– (note i)	20.0%	Investment holding
Treasure Up Ventures Limited ("TUVL")	PRC	The Republic of Seychelles	25.0%	25.0%	Investment holding
iCarbonX OP Investment Limited	PRC	BVI	29.0%	29.0%	Investment holding
東英騰華融資租賃(深圳)有限公司 ("東英騰華")	PRC	PRC	30.0%	30.0%	Lease investments
上海赫奇企業管理諮詢有限公司 ("上海赫奇")	PRC	PRC	23.52%	23.52%	Investment holding

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For the year ended 31 March 2021

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

Name of entity	Principal place of business	Place of incorporation	Percentage of ownership interest and voting rights held by the Group		Principal activities
			2021	2020	
<i>Associates</i>					
粵港澳大灣區昆侖投資基金管理有限公司 ("昆侖投資基金")	PRC	Cayman Islands	30.0%	30.0%	Dormant
東創智能(海南)數字科技有限公司 ("東創智能")	PRC	PRC	30.0%	30.0%	Dormant
<i>Joint ventures</i>					
Shen Jiang L.P.	Hong Kong	Cayman Islands	50.0%	50.0%	Investment holding
Magopt Investment L.P.	Hong Kong	BVI	50.0%	50.0%	Dormant
OP EBS Fintech Investment L.P. ("OP EBS Fintech")	Hong Kong	Cayman Islands	40.0%	40.0%	Investment holding

Note (i): During the year ended 31 March 2021, the Company signed a share transfer agreement (the "Share Transfer Agreement") with Beijing Enterprises Water Group (China) Investment Limited ("BECI"), an entity controlled by Beijing Enterprises Water Group Limited, to dispose of all the BEFS issued shares at a consideration of RMB59,458,000 (equivalent to HK\$68,192,000).

During the year ended 31 March 2021, BEFS declared dividends and the Company received, net of tax, cash dividend of RMB8,128,000 (equivalent to HK\$8,900,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

Summarised financial information in respect of the Group's associates (based on the management accounts of the associates) is set out below:

	CSOP HK\$'000	TUVL HK\$'000	東英騰華 HK\$'000 (note ii)	上海赫奇 HK\$'000 (note ii)	Others HK\$'000	Total HK\$'000
At 31 March 2021						
Non-current assets	3,366	–	118,144	–	71,274	192,784
Current assets	815,219	1,787,027	149,512	73,133	40,384	2,865,275
Current liabilities	(357,114)	–	(393)	(19)	(65,731)	(423,257)
Non-current liabilities	–	–	(508)	–	(29,673)	(30,181)
Net assets	461,471	1,787,027	266,755	73,114	16,254	2,604,621
Group's share of investments' net assets	103,831	446,757	72,928	72,307	9,200	705,023
Year ended 31 March 2021						
Revenue	480,279	–	19,345	–	80,302	579,926
Profit/(loss) for the year	149,912	416,061	(11,177)	(7)	12,374	567,163
Other comprehensive income	2,296	–	–	–	–	2,296
Total comprehensive income/ (expense)	152,208	416,061	(11,177)	(7)	12,374	569,459
Group's share of investments' profit/(loss) for the year	33,730	117,422	(3,497)	(7)	1,630	149,278
Group's share of investments' other comprehensive income for the year	517	–	–	–	–	517
Dividend received from associates	34,864	14,418	–	–	–	49,282

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For the year ended 31 March 2021

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

Summarised financial information in respect of the Group's associates (based on the management accounts of the associates) is set out below: (continued)

	BEFS HK\$'000	CSOP HK\$'000	TUWL HK\$'000	東英騰華 HK\$'000 (note ii)	上海赫奇 HK\$'000 (note ii)	Others HK\$'000	Total HK\$'000
At 31 March 2020							
Non-current assets	267,540	4,316	-	133,357	-	38,546	443,759
Current assets	135,999	737,987	1,370,965	125,598	67,413	43,690	2,481,652
Current liabilities	(125,937)	(319,977)	-	(1,287)	(18)	(32,234)	(479,453)
Non-current liabilities	-	-	-	(1,174)	-	(69,531)	(70,705)
Net assets/(liabilities)	277,602	422,326	1,370,965	256,494	67,395	(19,529)	2,375,253
Group's share of investments'							
net assets	55,520	95,023	342,741	70,405	66,652	7,571	637,912
Year ended 31 March 2020							
Revenue	59,416	362,766	-	24,023	-	32,786	478,991
Profit/(loss) for the year	41,080	80,813	(1,368,356)	7,090	(5,939)	(2,336)	(1,247,648)
Other comprehensive income/ (expense)	228	(222)	-	984	-	-	990
Total comprehensive income/ (expense)	41,308	80,591	(1,368,356)	8,074	(5,939)	(2,336)	(1,246,658)
Group's share of investments'							
profit/(loss) for the year	7,579	29,283	(328,144)	1,837	40	(37)	(289,442)
Group's share of investments'							
other comprehensive income for the year	46	55	-	295	-	-	396
Dividend received from associates	-	65,400	14,095	-	-	-	79,495

Note (ii): Group's share of investments' net assets is calculated by percentage of paid-up capital in the associates.

As at 31 March 2021, the bank and cash balances of the Group's associates in the PRC denominated in RMB amounted to HK\$27,554,000 (2020: HK\$132,193,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

As at 31 March 2021, the Group's share of joint ventures' net assets is nil (2020: nil). For the year ended 31 March 2021, the Group's share of joint ventures' loss for the year is nil (2020: HK\$154,604,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

19. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HK\$'000	2020 HK\$'000
Listed equity investments	966,104	164,888
Unlisted equity investments	2,644,309	1,959,579
Unlisted investment funds/limited partnership	57,149	53,390
Unlisted debt investments	10,222	67,438
	3,677,784	2,245,295
Analysed as:		
– Non-current assets	1,335,687	1,420,661
– Current assets	2,342,097	824,634
	3,677,784	2,245,295

As at 31 March 2021, the unlisted debt investments are debentures carrying interest rates at 22% compounded rate (2020: 22% compounded rate).

The investments in unlisted investment funds/limited partnership of HK\$57,149,000 (2020: HK\$53,390,000) as above represent investments in unconsolidated structured entities. The maximum exposure to loss is the carrying value of these investments. The size of the investment funds ranges from US\$3.93 million to US\$189 million (2020: US\$386,000 to US\$147.14 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

20. DEBT INVESTMENTS

	2021 HK\$'000	2020 HK\$'000
Unlisted debt investments	1,071,820	1,750,562
Provision to ECL	(522,447)	(542,263)
Total unlisted debt investments, net	549,373	1,208,299
Analysed as:		
– Non-current assets	292,473	246,673
– Current assets	256,900	961,626
	549,373	1,208,299

The tenure of the debt investments ranged from 1.5 years to 2 years (2020: 1.5 years to 2 years). The applied interest rates ranged from 6% to 10% (2020: 6% to 11.5%) per annum. They are expected to be settled on maturity date.

In order to minimise the credit risk, the Group has assessed the creditworthiness of the investees and closely monitors the repayment ability of the investees.

As at 31 March 2021, certain debt investments were overdue or impaired. It is analysed as follows:

	Loan principal HK\$'000	Provision for expected credit losses HK\$'000	Carrying amount at	
			2021 HK\$'000	2020 HK\$'000
Neither past due nor impaired	317,150	(24,678)	292,472	824,212
Credit risk significantly increased	421,879	(247,265)	174,614	202,317
Credit impaired	332,791	(250,504)	82,287	181,770
			549,373	1,208,299

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For the year ended 31 March 2021

20. DEBT INVESTMENTS (continued)

Provision for ECL was recognised in the consolidated statement of profit or loss and other comprehensive income as follows:

	2021 HK\$'000	2020 HK\$'000
Opening balance	542,263	63,361
(Credit)/charge during the year	(19,816)	478,902
Closing balance	522,447	542,263

21. ACCOUNTS AND LOANS RECEIVABLES

	Notes	2021 HK\$'000	2020 HK\$'000
Unsecured loans	(a)	216,991	–
Accounts receivables	(b)	1,089	1,401
Amounts due from associates, joint ventures and related companies	(c)	25,745	26,510
Dividend receivables	(d)	25,953	34,864
		269,778	62,775

Notes:

(a)		2021 HK\$'000	2020 HK\$'000
Unsecured loan to a potential investee	(i)	70,989	65,430
Unsecured loan to other third parties	(ii)	235,300	–
ECL		(89,298)	(65,430)
		216,991	–

- (i) Unsecured loan of RMB60,000,000, equivalent to HK\$70,989,000 (2020: HK\$65,430,000), is provided to a potential investee established in the PRC. The Group assesses the feasibility of the potential investment from time to time. ECL of RMB60,000,000, equivalent to HK\$70,989,000 (2020: HK\$65,430,000) is recognised against the unsecured loan at 31 March 2021 based on estimated recoverable amount determined by reference to an analysis of the counterparty's current operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

21. ACCOUNTS AND LOANS RECEIVABLES (continued)

Notes: (continued)

- (ii) Unsecured loans of RMB198,876,000, equivalent to HK\$235,300,000, are provided to 2 third parties established in the PRC with interest rate of 8% per annum. ECL of RMB15,475,000, equivalent to HK\$18,309,000 is recognised against the unsecured loans at 31 March 2021 based on estimated recoverable amount determined by reference to an analysis of the counterparty's current operation.

During the year ended 31 March 2021, ECL of RMB15,475,000 (2020: RMB17,300,000), equivalent to HK\$17,748,000 (2020: HK\$19,348,000) by average exchange rate, is 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:

	2021 HK\$'000	2020 HK\$'000
Unbilled	1,089	1,401

- (c) Amounts due from associates, joint ventures and related companies mainly arise from advance money provided for potential investment project 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 2021, in view of the uncertainty on the recoverability of the amount due from one of the associates, provision for ECL of HK\$850,000 (2020: HK\$1,216,000) was recognised in profit or loss.

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

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2021 HK\$'000	2020 HK\$'000
Prepaid consideration	(a)	–	378,751
Prepaid service fee	(b)	3,195	6,583
Other prepayments		1,610	1,148
Deposits and other receivables		13,299	12,178
		18,104	398,660

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For the year ended 31 March 2021

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Notes:

- (a) Pursuant to “股份轉讓交易協議” dated 18 June 2019 and “股份轉讓交易協議之補充協議” dated 28 June 2019, signed between the Group, through one of its subsidiaries, and the seller, the Group determined to purchase a total of 63,202,590 shares, or 19.9% of total capital of Dagang Holding Group Co., Limited (stock code: 300103.SZ). The total consideration of RMB695,228,490, or RMB11 per share, is agreed to be paid in instalments based on certain contractual terms. As at 31 March 2020, RMB450,000,000 was prepaid according to plan and the acquisition has not been completed. The shares have been successfully transferred and registered under the Group as disclosed in the Company’s announcement on 23 October 2020.

As at 31 March 2021, reversal of provision of RMB102,682,000, equivalent to HK\$117,764,000 (2020: provision of RMB102,682,000, equivalent to HK\$111,974,000) by reporting date exchange rate, is recognised.

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

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

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

FCSSCL was considered a related company of the Group as at 31 March 2020 as it is owned 50% by one of the ex-directors, Mr. ZHANG Zhi Ping, who resigned as executive director of the Group on 16 December 2020.

23. BANK AND CASH BALANCES

As at 31 March 2021, the bank and cash balances of the Group denominated in RMB amounted to HK\$51,690,000 (2020: HK\$13,898,000). Conversion of RMB into foreign currencies is subject to the PRC’s Foreign Exchange Control Regulations.

24. ACCOUNTS PAYABLES

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

	2021 HK\$’000	2020 HK\$’000
Within 1 year (note)	210,632	–

Note:

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

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For the year ended 31 March 2021

25. OTHER PAYABLES

	2021 HK\$'000	2020 HK\$'000
Interest payables	8,935	1,535
Others	17,352	24,612
	26,287	26,147

26. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2021 HK\$'000	2020 HK\$'000
Current liabilities			
— Provision for loan guarantee	(a)	—	21,810
— Payable to investment partners	(b)	6,331	10,612
		6,331	32,422
Non-current liabilities			
— Staff participation interest payable	(c)	917	931

Notes:

- (a) As at 31 March 2020, the Group had fully recognised the loan guarantee of RMB20,000,000 (equivalent to HK\$21,810,000) given to 上海幸福九號網絡科技有限公司 for its settlement of RMB20,000,000 loan (equivalent to HK\$21,810,000) provided by 博石資產管理股份有限公司. The amount was fully settled on 22 May 2020.

A realised loss of RMB20,000,000, equivalent to HK\$21,893,000 by average exchange rate, is recognised in profit or loss for the year ended 31 March 2020.

- (b) Pursuant to the financial participation arrangement signed in May 2018 with investment partners, the Group received US\$1,950,000 (equivalent to HK\$15,267,000) from those investment partners and in return, shared a portion of the Group's future realised trading result of one of the equity investments on a back-to-back basis.

During the year ended 31 March 2021, an unrealised gain of HK\$3,003,000 (2020: HK\$26,093,000), representing the investment partners' share of unrealised loss of the project, was recognised in profit or loss as the payable to investment partners' interests were decreased.

- (c) As an incentive program to align risk and performance of the Group's investments with interests of the employees, the Group set up staff participation plan. At the inception of a qualified investment, the Group will allocate not more than 10% of its own interest in that investment for staff participation. Pursuant to terms of the staff participation plan, the eligible employees will subscribe for the interest of the investment at the same price as the Group's investment cost and share potential profit or loss in proportion to its participation upon the Group's exit of such investment. The classification of current liabilities and non-current liabilities was determined based on the classification of the underlying investments.

During the year ended 31 March 2021, an unrealised gain of HK\$14,000 (2020: HK\$8,259,000), representing the staff participation's share of unrealised loss of the qualified investments, was recognised in profit or loss as the payable to staff participation interests were decreased.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

27. BORROWINGS

	Notes	2021 HK\$'000	2020 HK\$'000
Securities margin trading borrowing	(a)	223,941	–
Unsecured borrowings from banks	(b)	–	410,000
Unsecured other borrowings			
– Interest bearing	(c)	232,135	30,000
– Non-interest bearing	(d)	72,527	66,848
		528,603	506,848

Notes:

- (a) Securities margin trading borrowing from a securities company secured by certain listed securities of the Group and repayable within 1 year.
- (b) Repayable within 1 year.
- (c) The interest-bearing other borrowings are unsecured, interest bearing from 8% to 18% (2020: at 8%) per annum and repayable within 1 year.
- (d) Non-interest bearing loan represents RMB61,300,000 (equivalent to HK\$72,527,000 (2020: HK\$66,848,000)) loan due to 上海赫奇 for a potential investment opportunity in the PRC. The borrowing is non-interest bearing and repayable on demand.
- (e) The average effective interest rate of bank and other borrowings during the year ended 31 March 2021 was 6.06% (2020: 4.95%) per annum.

28. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Within one year	31,228	33,105	29,635	30,069
Over one year but within two years	20,192	31,228	19,913	29,635
Over two years but within five years	–	20,192	–	19,913
	51,420	84,525		
Less: Future finance charge	(1,872)	(4,908)		
Present value of lease liabilities	49,548	79,617	49,548	79,617
Less: Amount due for settlement within 12 months (shown under current liabilities)			(29,635)	(30,069)
Amount due for settlement after 12 months			19,913	49,548

As at 31 March 2021, the average effective borrowing rate was 3.85% (2020: 3.85%) per annum. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

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For the year ended 31 March 2021

29. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group:

	Tax losses HK\$'000	Unrealised fair value change on investments and related liabilities HK\$'000	Other temporary differences HK\$'000	Total HK\$'000
At 1 April 2019	3,159	5,311	(236)	8,234
(Charge)/credit to profit or loss	(3,159)	(5,311)	236	(8,234)
At 31 March 2020 and 1 April 2020	-	-	-	-
Charge to profit or loss	-	(4,113)	-	(4,113)
At 31 March 2021	-	(4,113)	-	(4,113)

At the end of the reporting period, the Group did not recognise deferred tax assets of HK\$96,675,000 (2020: HK\$67,768,000) in respect of losses amounting to HK\$583,088,000 (2020: HK\$410,718,000) that can be carried forward against future taxable income. No deferred tax asset has been recognised due to the unpredictability of future profit streams. These tax losses will be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

30. SHARE CAPITAL

	Number of ordinary shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each	4,000,000	400,000
	Number of ordinary shares '000	Amount HK\$'000
Issued and fully paid:		
Ordinary shares of HK\$0.1 each		
At 1 April 2019	2,916,628	291,663
Cancellation of ordinary shares (note)	(15,688)	(1,569)
At 31 March 2020, 1 April 2020 and 31 March 2021	2,900,940	290,094

Note: All 15,688,000 treasury shares have been cancelled on 17 July 2019.

Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Directors regard total equity as capital, for capital management purposes.

The Group manages its capital structure and makes adjustments to it, in light of change in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 March 2021 and 2020.

Under the terms of the major borrowing facilities, the Group is required to comply with certain financial covenants, such as consolidated tangible net worth, ratio of consolidated net borrowing to consolidated tangible net worth, ratio of total liability to total asset, etc. The Group has complied with these covenants throughout the year by closely monitoring the Group's financial position and regularly re-visit the covenant requirements during operations to ensure full compliance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 HK\$'000	2020 HK\$'000
ASSETS		
Non-current assets		
Equipment	836	2,072
Right-of-use assets	439	3,855
Investments in subsidiaries	607,115	401,153
Amounts due from subsidiaries	1,873,912	1,731,813
Investments in associates and joint ventures	130,989	169,050
Debt investments	292,473	246,673
	2,905,764	2,554,616
Current assets		
Investments at fair value through profit or loss	747,869	646,110
Debt investments	256,900	961,626
Accounts and loans receivables	29,332	38,210
Interest receivables	17,266	9,737
Prepayments, deposits and other receivables	8,146	11,449
Bank and cash balances	13,351	104,972
	1,072,864	1,772,104
TOTAL ASSETS	3,978,628	4,326,720
EQUITY AND LIABILITIES		
Equity		
Share capital	290,094	290,094
Reserves	3,586,290	3,548,640
Total equity	3,876,384	3,838,734
Liabilities		
Current liabilities		
Other payables	14,063	32,801
Financial liabilities at fair value through profit or loss	6,331	10,612
Borrowings	80,000	440,000
Lease liabilities	933	2,709
	101,327	486,122
Non-current liabilities		
Financial liabilities at fair value through profit or loss	917	931
Lease liabilities	-	933
	917	1,864
Total liabilities	102,244	487,986
TOTAL EQUITY AND LIABILITIES	3,978,628	4,326,720
NET ASSETS	3,876,384	3,838,734

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

32. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity.

(b) The Company

	Share premium HK\$'000	Share-based payment reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
At 1 April 2019	4,674,804	43,931	197,167	4,915,902
Total comprehensive expense for the year	–	–	(1,239,249)	(1,239,249)
Share-based payments	–	5,430	–	5,430
Forfeiture of share options	–	(643)	643	–
Dividend paid	–	–	(133,443)	(133,443)
At 31 March 2020	4,674,804	48,718	(1,174,882)	3,548,640
At 1 April 2020	4,674,804	48,718	(1,174,882)	3,548,640
Total comprehensive income for the year	–	–	34,921	34,921
Share-based payments	–	2,729	–	2,729
Forfeiture of share options	–	(4,567)	4,567	–
At 31 March 2021	4,674,804	46,880	(1,135,394)	3,586,290

(c) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Share-based payment reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees and other eligible participants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3 to the consolidated financial statements.

(iii) Surplus reserve

According to the PRC Company Law, the PRC subsidiaries/associates of the Group (excluding foreign investment enterprises) are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

(iv) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies in note 3 to the consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

33. NET ASSET VALUE PER SHARE

The net asset value per share is calculated by dividing the net asset value of the Group at 31 March 2021 of HK\$4,527,179,000 (2020: HK\$4,114,445,000) by the number of ordinary shares in issue at that date, being 2,900,940,000 (2020: 2,900,940,000).

34. SHARE-BASED PAYMENTS

Under the Share Option Scheme adopted on 17 May 2016, the Board may at any time following the date of adoption and before the tenth anniversary thereof, offer to grant to certain selected classes of participants (including, among others, directors, employees and consultants) of the Company, an option to subscribe for shares as incentives or rewards for their contribution to the Company. The subscription price will be determined by the Board (subject to adjustment), and will not be less than the highest of (a) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (b) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of grant; and (c) the nominal value of the shares of the Company. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under this scheme and any other share option schemes adopted by the Company may not exceed 10% of the share capital of the Company in issue.

An option may be accepted by a participant within 21 days from the date of the offer for grant of the option. An option may be exercised in accordance with the terms of the share option scheme at any time not later than 10 years from the date on which the offer for grant of the option is made. Subject to the terms of the share options determined by the Board, the participant may have to meet certain vesting conditions before becoming unconditionally entitled to the share options. For the share options that existed during the years ended 31 March 2021 and 2020, vesting conditions includes performance conditions such as complete or successful exit of specified investment projects and market conditions such as the Company's market capitalisation. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

34. SHARE-BASED PAYMENTS (continued)

Movement of the Company's share options during the year:

Date of grant of share options: 20 May 2016

Grantee	Exercisable period	Number of share options		
		Balance as at 1 April 2020	Lapsed during the year	Balance as at 31 March 2021
Ex-director	20 May 2017 to 19 May 2021	1,750,000	–	1,750,000
	20 May 2018 to 19 May 2021	1,750,000	–	1,750,000
	20 May 2019 to 19 May 2021	1,750,000	–	1,750,000
	20 May 2020 to 19 May 2021	1,750,000	–	1,750,000
		7,000,000	–	7,000,000
Directors of group companies	20 May 2017 to 19 May 2021	4,500,000	–	4,500,000
	20 May 2018 to 19 May 2021	4,500,000	–	4,500,000
	20 May 2019 to 19 May 2021	4,500,000	–	4,500,000
	20 May 2020 to 19 May 2021	4,500,000	–	4,500,000
		18,000,000	–	18,000,000
Ex-employees	20 May 2017 to 19 May 2021	4,700,000	(750,000)	3,950,000
	20 May 2018 to 19 May 2021	5,000,000	(750,000)	4,250,000
	20 May 2019 to 19 May 2021	5,000,000	(750,000)	4,250,000
	20 May 2020 to 19 May 2021	5,000,000	(750,000)	4,250,000
		19,700,000	(3,000,000)	16,700,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

34. SHARE-BASED PAYMENTS (continued)

Movement of the Company's share options during the year: (continued)

Date of grant of share options: 20 May 2016 (continued)

Grantee	Exercisable period	Number of share options		
		Balance as at 1 April 2020	Lapsed during the year	Balance as at 31 March 2021
Consultants	20 May 2017 to 19 May 2021	1,250,000	–	1,250,000
	20 May 2018 to 19 May 2021	1,250,000	–	1,250,000
	20 May 2019 to 19 May 2021	1,250,000	–	1,250,000
	20 May 2020 to 19 May 2021	1,250,000	–	1,250,000
		5,000,000	–	5,000,000
		49,700,000	(3,000,000)	46,700,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

34. SHARE-BASED PAYMENTS (continued)

Movement of the Company's share options during the year: (continued)

Date of grant of share options: 20 May 2016 (continued)

Grantee	Exercisable period	Number of share options		
		Balance as at 1 April 2019	Lapsed during the year	Balance as at 31 March 2020
Ex-director	20 May 2017 to 19 May 2021	1,750,000	–	1,750,000
	20 May 2018 to 19 May 2021	1,750,000	–	1,750,000
	20 May 2019 to 19 May 2021	1,750,000	–	1,750,000
	20 May 2020 to 19 May 2021	1,750,000	–	1,750,000
		7,000,000	–	7,000,000
Directors of group companies	20 May 2017 to 19 May 2021	4,500,000	–	4,500,000
	20 May 2018 to 19 May 2021	4,500,000	–	4,500,000
	20 May 2019 to 19 May 2021	4,500,000	–	4,500,000
	20 May 2020 to 19 May 2021	4,500,000	–	4,500,000
		18,000,000	–	18,000,000
Employees/ex-employees	20 May 2017 to 19 May 2021	4,700,000	–	4,700,000
	20 May 2018 to 19 May 2021	5,000,000	–	5,000,000
	20 May 2019 to 19 May 2021	5,000,000	–	5,000,000
	20 May 2020 to 19 May 2021	5,000,000	–	5,000,000
		19,700,000	–	19,700,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

34. SHARE-BASED PAYMENTS (continued)

Movement of the Company's share options during the year: (continued)

Date of grant of share options: 20 May 2016 (continued)

Grantee	Exercisable period	Number of share options		
		Balance as at 1 April 2019	Lapsed during the year	Balance as at 31 March 2020
Consultants	20 May 2017 to 19 May 2021	1,500,000	(250,000)	1,250,000
	20 May 2018 to 19 May 2021	1,500,000	(250,000)	1,250,000
	20 May 2019 to 19 May 2021	1,500,000	(250,000)	1,250,000
	20 May 2020 to 19 May 2021	1,500,000	(250,000)	1,250,000
		6,000,000	(1,000,000)	5,000,000
		50,700,000	(1,000,000)	49,700,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

34. SHARE-BASED PAYMENTS (continued)

Movement of the Company's share options during the year: (continued)

Date of grant of share options: 1 February 2018

Grantee	Exercisable period	Number of share options		
		Balance as at 1 April 2020	Lapsed during the year	Balance as at 31 March 2021
Ex-director	1 February 2019 to 31 January 2023	2,500,000	–	2,500,000
	1 February 2020 to 31 January 2023	2,500,000	–	2,500,000
	1 February 2021 to 31 January 2023	2,500,000	–	2,500,000
	1 February 2022 to 31 January 2023	2,500,000	–	2,500,000
		10,000,000	–	10,000,000
Employees/ex-employees	1 February 2019 to 31 January 2023	3,000,000	(750,000)	2,250,000
	1 February 2020 to 31 January 2023	3,000,000	(750,000)	2,250,000
	1 February 2021 to 31 January 2023	3,000,000	(750,000)	2,250,000
	1 February 2022 to 31 January 2023	3,000,000	(750,000)	2,250,000
		12,000,000	(3,000,000)	9,000,000
		22,000,000	(3,000,000)	19,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

34. SHARE-BASED PAYMENTS (continued)

Movement of the Company's share options during the year: (continued)

Date of grant of share options: 1 February 2018 (continued)

Grantee	Exercisable period	Number of share options		
		Balance as at 1 April 2019	Lapsed during the year	Balance as at 31 March 2020
Director	1 February 2019 to 31 January 2023	2,500,000	–	2,500,000
	1 February 2020 to 31 January 2023	2,500,000	–	2,500,000
	1 February 2021 to 31 January 2023	2,500,000	–	2,500,000
	1 February 2022 to 31 January 2023	2,500,000	–	2,500,000
		10,000,000	–	10,000,000
Employees/ex-employees	1 February 2019 to 31 January 2023	3,000,000	–	3,000,000
	1 February 2020 to 31 January 2023	3,000,000	–	3,000,000
	1 February 2021 to 31 January 2023	3,000,000	–	3,000,000
	1 February 2022 to 31 January 2023	3,000,000	–	3,000,000
		12,000,000	–	12,000,000
		22,000,000	–	22,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

34. SHARE-BASED PAYMENTS (continued)

The closing prices of the ordinary shares of the Company immediately before the date on option grant date were HK\$1.45 and HK\$2.57 on 20 May 2016 and 1 February 2018 respectively.

The Binomial Option Pricing Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

Details of the share options granted on 20 May 2016 was as follows:

Theoretical aggregate value:	HK\$32,822,000
Fair value recognised in profit or loss during the year:	Nil (2020: HK\$280,000)
Exercise price:	HK\$1.65
Risk free interest rate:	1.079%
Expected volatility:	62.58%
Expected life of the options:	5 years from the date of grant
Expected dividend yield:	4.58%

Details of the share options granted on 1 February 2018 was as follows:

Theoretical aggregate value:	HK\$20,539,000
Fair value recognised in profit or loss during the year:	HK\$2,729,000 (2020: HK\$5,150,000)
Exercise price:	HK\$2.60
Risk free interest rate:	1.828%
Expected volatility:	43.30%
Expected life of the options:	5 years from the date of grant
Expected dividend yield:	0.93%

The measurement dates of the share options were 20 May 2016 and 1 February 2018, being the dates of grant of the share options. Where the grantees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest or lapse.

Options forfeited, if any, before the expiry of the options will be treated as lapsed options which will be added back to the number of ordinary shares available to be issued under the Share Option Scheme.

The expected volatility of the underlying security of the options was determined based on the historical volatility of the share prices of the Company, as extracted from Bloomberg and Reuters.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Borrowings	Interest payables	Dividend payable	Lease liabilities	Total liabilities from financing activities
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2019	71,558	–	–	–	71,558
Changes in cash flows	440,045	(13,472)	(133,443)	(36,248)	256,882
Non-cash changes					
– Initial recognition	–	–	–	113,380	113,380
– Lease modification	–	–	–	(1,460)	(1,460)
– Interest charged	–	15,007	–	3,945	18,952
– Dividend declared	–	–	133,443	–	133,443
– Exchange difference	(4,755)	–	–	–	(4,755)
At 31 March 2020 and 1 April 2020	506,848	1,535	–	79,617	588,000
Changes in cash flows	15,700	(14,797)	–	(31,346)	(30,443)
Non-cash changes					
– Interest charged	–	22,038	–	3,007	25,045
– Lease modification	–	–	–	(1,730)	(1,730)
– Exchange difference	6,055	159	–	–	6,214
At 31 March 2021	528,603	8,935	–	49,548	587,086

(b) Major non-cash transaction

Pursuant to “股份轉讓交易協議” dated 18 June 2019 and “股份轉讓交易協議之補充協議” dated 28 June 2019, signed between the Group, through one of its subsidiaries, and the seller, the Group determined to purchase a total of 63,202,590 shares, or 19.9% of total capital of Dagang Holding Group Co., Limited (stock code: 300103.SZ). The total consideration of RMB695,228,490, or RMB11 per share, is agreed to be paid in instalments based on certain contractual terms. The shares have been successfully transferred and registered under the Group as disclosed in the Company's announcement on 23 October 2020. As at 31 March 2021, prepaid consideration of HK\$567,853,000 has already been fully transferred to investments at fair value through profit or loss and RMB177,979,000 (equivalent to HK\$210,575,000), included in accounts payables, is payable to the seller.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

36. CONTINGENT LIABILITIES

As at 31 March 2021, the Group and the Company did not have any significant contingent liabilities.

As at 31 March 2020, the Group had given guarantee in respect of the settlement of RMB20,000,000 (equivalent to HK\$21,810,000) of loan provided by 博石資產管理股份有限公司 to 上海幸福九號網絡科技有限公司.

Due to the financial difficulties of 上海幸福九號網絡科技有限公司, the Group had been demanded by 博石資產管理股份有限公司 on 20 April 2020 to settle the loan on behalf of 上海幸福九號網絡科技有限公司. It was fully settled on 22 May 2020 (note 26(a)).

37. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	Notes	2021 HK\$'000	2020 HK\$'000
Capital contribution to BEFS	(a)	–	174,480
Capital contribution to 東英騰華	(b)	106,484	98,145
Capital contribution to OP Fine Billion L.P.	(c)	5,000	5,000
Capital contribution to 昆侖投資基金	(d)	2,400	2,400
Capital contribution to 東創智能	(e)	3,549	3,272
		117,433	283,297

Notes:

- The capital contribution commitment of RMB160,000,000 to BEFS is cancelled as Share Transfer Agreement was signed during the year ended 31 March 2021, which the Group disposed of its entire interest in BEFS to BECI. Please refer to note 18 to the consolidated financial statements for details.
- According to "Investment agreement" of 東英騰華, the Group has committed to a capital contribution of RMB90,000,000 (equivalent to HK\$106,484,000) to 東英騰華. The capital will be drawn down on an as-needed basis.
- According to the "Exempted Limited Partnership Agreement" signed between OPFI GP(2) Limited, as the general partner, and the limited partner on 24 November 2015, the Group has committed to a capital contribution of HK\$5 million. The capital will be drawn down on an as-needed basis.
- According to "Shareholders' Agreement" and "Supplementary to Shareholders' Agreement" signed by the Company and Great Wonderful Limited, a wholly-owned subsidiary of the Group, the Group has committed to a capital contribution of HK\$3,000,000 to 昆侖投資基金. As at 31 March 2021, HK\$600,000 was called (31 March 2020: HK\$600,000). The capital will be drawn down on as-needed basis.
- According to "shareholders' resolution" of 東創智能, the Company has committed to a capital contribution of RMB3,000,000 (equivalent to approximately HK\$3,549,000) to 東創智能. The capital will be drawn down on as-needed basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

38. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties

In addition to those related party transactions and balances disclosed elsewhere in notes to the consolidated financial statements, the Group had the following transactions with its related parties during the year:

Name of related party	Nature of transactions	Notes	2021 HK\$'000	2020 HK\$'000
Oriental Patron Asia Limited ("OPAL")	Investment management fee paid	(a)	9,756	13,800
Oriental Patron Management Services Limited ("OPMSL")	Rental paid	(b)	–	9,210
Oriental Patron Securities Limited ("OPSL")	Securities brokerage fee	(c)	206	179
Finance Center For South-South Cooperation Limited	Interest revenue	(d)	–	119
	Service fee	(d)	2,283	3,392
Oriental Patron Capital Partners Limited ("OPCPL")	Expenses recoverable included in accounts receivable	(e)	N/A	1,106
Rich Fortune Allied Limited ("RFAL")	Expenses paid on behalf of the Group of HK\$391,000 was included in other payables	(f)	–	391

Notes:

- (a) OPAL is the investment manager of the Company and is a wholly-owned subsidiary of Oriental Patron Financial Services Group Limited ("OPFSG"). OPAL was considered as a related company of the Group as the directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have significant influence in OPFSG. Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo were resigned as executive directors of the Company on 16 December 2020.

Pursuant to an investment management agreement ("New Investment Management Agreement") dated 18 July 2018 entered into between the Company and OPAL, OPAL agreed to provide the Company with investment and management services for a term from the first calendar day of the month immediately following the month upon the New Investment Management Agreement becoming effective until 31 March 2021. Pursuant to its terms, the investment management fee is HK\$1,150,000 per month.

- (b) The Company, through a wholly-owned subsidiary, entered into a license agreement with OPMSL on 31 March 2011 in respect of the provision of the principal place of business of the Company. The agreement was renewed at monthly rental of HK\$746,535, HK\$756,520 and HK\$767,504 for the years ending 31 March 2018, 2019 and 2020. The license agreement expired on 31 March 2020.

OPMSL was a related company as the directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have significant influence in OPMSL. Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo were resigned as executive directors of the Company on 16 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

38. RELATED PARTY TRANSACTIONS (continued)

Transactions and balances with related parties (continued)

Notes: (continued)

- (c) OPSP was a related company as one of the directors, Mr. ZHANG Gaobo has significant influence in OPSP. Mr. ZHANG Gaobo was resigned as executive director of the Company on 16 December 2020.

Securities brokerage fee is charged at a range from 0.15% to 3.12% of the transaction proceeds.

- (d) On 20 June 2016, the Company subscribed a HK\$9,500,000 promissory note issued by FCSSCL. FCSSCL was considered a related company of the Group as it is owned 50% by one of the directors, Mr. ZHANG Zhi Ping. Mr. ZHANG Zhi Ping was resigned as executive director of the Company on 16 December 2020.

The promissory note carries interest at the rate of 5% per annum and payable annually on 22 June in each year in arrears.

The Group recognised nil (2020: HK\$119,000) interest revenue in the profit or loss for the year.

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

- (e) Pursuant to an agency agreement signed between the Company and OPCPL, OPCPL agreed to reimburse the actual expenses incurred by the Company, for a term of one year from 1 October 2019.

OPCPL was a related company as the directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo have significant influence in OPCPL. Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo were resigned as executive directors of the Company on 16 December 2020.

- (f) RFAL is a related party to the Group as the director, Dr. LIU Zhiwei is a common director and ultimate beneficial shareholder of RFAL.

Compensation of key management personnel

The key management personnel of the Company comprises all directors, details of their remuneration are disclosed in note 12(a) to the consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

39. ISSUE OF UNLISTED WARRANTS

On 13 January 2017, the Company entered into a consultancy agreement (“Consultancy Agreement”) with Magopt Limited (the “Consultant”), a limited company incorporated in the BVI. Pursuant to the Consultancy Agreement (as supplemented by a supplemental agreement dated 13 March 2017), in consideration of and in exchange for the services to be provided by the Consultant, the Company has conditionally agreed to issue to the Consultant a total of 202,553,560 warrants (“Warrants”) at zero issue price, carrying the right to subscribe for an aggregate of 202,553,560 shares of the Company at a subscription price of HK\$2.20 per share. The Warrants will rank pari passu in all respects among themselves.

Pursuant to the consultancy agreement, the Consultant will assist the Company in acquiring and capturing investment opportunities (“Target Investments”), in the negotiation for achieving better investment terms and gains on the Target Investments.

The Consultant may exercise the subscription rights attaching to the Warrants from the date of issue of the Warrants to the date falling on the 5th anniversary of the date of issue of the Warrants (“Exercise Period”). The exercising of the subscription rights attaching to the Warrants is conditional and subject to the performance results of the consultant’s services, details as below:

- (a) 20% of the total Warrants may be exercised if the internal rate of return for the Target Investments for that financial year shall be not less than 38%, and the return on investment of the Target Investments for that financial year shall be not less than RMB200 million, or HK\$226 million equivalent;
- (b) all outstanding Warrants may be exercised by the Consultant during the Exercise Period if the aggregate return on investment of the Target Investments during the exercise period has reached RMB1,000 million, or HK\$1,130 million equivalent; and
- (c) all outstanding Warrants will be nullified and ceased to have effect if the Company fails to achieve and complete any Target Investment with the Consultant’s assistance before 31 March 2018, or on the expiry of the Exercise Period.

Assuming the full exercise of the subscription rights attaching to the Warrants at the subscription price, it is expected that an additional gross amount of HK\$446 million will be raised. The net proceeds (after deduction of all related expenses) will be used as the general working capital of the Company and for future investment pursuant to the investment objectives of the Company.

The Consultancy Agreement was approved by the shareholders of the Company in an extraordinary general meeting of the Company held on 30 March 2017.

The fair value of the Warrants is determined by the Directors by reference to the valuation calculated by the share option Binomial Model, which best represents the value of the consultation service received.

The conditions have not been met during the year and hence, no Warrant was issued to the Consultant.

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For the year ended 31 March 2021

40. PARTICULARS OF MAJOR INVESTMENTS HELD BY THE GROUP

Particulars of investments held by the Group as at 31 March 2021 disclosed pursuant to Chapter 21 of the Listing Rules are as follows:

Name of equity securities	Nature of business	Proportion of investee's capital owned (%)	Cost HK\$'000	Carrying amount HK\$'000	Net asset attributable to the Group HK\$'000	Dividend received/receivable HK\$'000	Percentage of the Group's total assets (%)
Investments in associates							
TUVL – ordinary shares	Asset management	25%	351,671	446,757	446,757	14,418	*8.32%
CSOP – ordinary shares	Asset management	22.50%	60,000	103,831	103,831	25,439	*1.93%
Investments at fair value through profit or loss							
OPIMH – non-voting preference shares	Asset management	100%	58,000	56,000	56,000	–	1.04%
Xiaoju Kuaizhi Inc. – preference shares	Mobile transportation platform	<1%	116,445	134,556	134,556	–	*2.51%
Victorian Investment Limited Partnership – contribution	Pharmaceutical and healthcare	46.15%	234,795	130,308	130,308	–	*2.43%
iCarbonX Group Limited – ordinary shares	Medical and healthcare	7.73%	1,098,790	1,149,379	1,149,379	–	*21.41%
華建實業投資有限公司	Investment holding	12.50%	370,000	388,379	388,379	–	*7.23%
Dagong Holding Group Co., Limited	Manufacture and service of road construction, maintenance machinery and equipment	19.90%	822,560	839,011	839,011	–	*15.63%
Jiedaibao Limited	Internet-based financial services	1.97%	700,000	700,000	700,000	–	*13.04%

Reference code	Principal activity of borrower	Borrower's purpose of loan	Tenure	Cost HK\$'000	Carrying amount HK\$'000	Net asset attributable to the Group HK\$'000	Total interest for the year HK\$'000	Interest detail	Percentage of the Group's total assets (%)
Debenture D	Private equity investments	Private equity investments	5 years	317,150	292,473	292,473	21,897	8% per annum, pay at maturity	*5.45%
Debenture H	Listed equity, listed and unlisted debt investments	Unlisted debt investments	24–45 months	383,000	140,000	140,000	21,817	7%–8% per annum, pay at maturity	*2.61%

* Represents ten largest investments as at 31 March 2021

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For the year ended 31 March 2021

40. PARTICULARS OF MAJOR INVESTMENTS HELD BY THE GROUP (continued)

Particulars of investments held by the Group as at 31 March 2020 disclosed pursuant to Chapter 21 of the Listing Rules are as follows:

Name of equity securities	Nature of business	Proportion of investee's capital owned (%)	Cost HK\$'000	Carrying amount HK\$'000	Net asset attributable to the Group HK\$'000	Dividend received/receivable HK\$'000	Percentage of the Group's total assets (%)
Investments in associates							
TUVL — ordinary shares	Asset management	25%	351,671	342,741	342,741	14,095	#7.18%
CSOP — ordinary shares	Asset management	22.50%	60,000	95,023	95,023	34,864	#1.99%
BEFS — contribution	Investment holding	20%	46,640	55,520	55,520	—	1.16%
Investments at fair value through profit or loss							
OPIMH — non-voting preference shares	Asset management	100%	58,000	43,120	43,120	—	0.09%
Xiaoju Kuaizhi Inc. — preference shares	Mobile transportation platform	<1%	116,445	83,915	83,915	—	1.76%
Victorian Investment Limited Partnership — contribution	Pharmaceutical and healthcare	46.15%	234,795	129,943	129,943	—	#2.72%
iCarbonX Group Limited — ordinary shares	Medical and healthcare	7.70%	1,098,790	1,146,164	1,146,164	—	#24.00%
華建實業投資有限公司	Investment holding	12.50%	370,000	370,000	370,000	—	#7.75%
Telling Telecommunication Holding Co., Ltd. — listed securities	Tele-communication	1.59%	206,032	93,640	93,640	—	#1.96%
Central China New Life Limited	Property management service	0.88%	11,000	51,690	51,690	—	1.08%

Reference code	Principal activity of borrower	Borrower's purpose of loan	Tenure	Cost HK\$'000	Carrying amount HK\$'000	Net asset attributable to the Group HK\$'000	Total interest for the year HK\$'000	Interest detail	Percentage of the Group's total assets (%)
Debenture A	Unlisted debt investments, financing arrangement	Unlisted debt investments	3 years	254,000	241,744	241,744	22,017	8% per annum, pay quarterly	#5.06%
Debenture C	Private equity investments	Private equity investments	3 years	345,000	328,353	328,353	29,046	8% per annum, pay quarterly	#6.88%
Debenture D	Private equity investments	Private equity investments	3 years	267,000	254,116	254,116	23,879	8% per annum, pay quarterly	#5.32%
Debenture H	Listed equity, listed and unlisted debt investments	Unlisted debt investments	18–24 months	403,000	167,811	167,811	21,650	7%–8% per annum, pay at maturity	#3.51%

Represents ten largest investments as at 31 March 2020



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

41. EVENTS AFTER THE REPORTING PERIOD

Oriental Patron Asia Limited ceased to be the investment manager of the Company on 31 March 2021. Pursuant to an investment management agreement dated 8 April 2021, the Company appointed Venture Partners Asset Management Limited ("VPAM") as its investment manager to provide investment management services for a period commencing on 7 April 2021 to 31 March 2024. Under the investment management agreement, the Company will pay VPAM a management fee and performance fee. The management fee will be calculated on a monthly basis. For the first year of the investment management agreement, the management fee will be calculated at 0.012 per cent per annum of the net asset value of the Group as at the immediately preceding last dealing day on the Stock Exchange in each calendar months on the basis of the actual number of days in the relevant calendar month over a year of 360 day. From the second year of the investment management agreement, the management fee will be calculated at such other percentage figure agreed from time to time between VPAM and the Company as at the immediately preceding last dealing day on the Stock Exchange in each calendar months on the basis of the actual number of days in the relevant calendar month over a year of 360 day. The performance fee is calculated by reference to the increase in the net asset value per share as at the last business day of the relevant financial year of the Company.

42. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 25 June 2021.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out below. This summary does not form part of the audited financial statements.

	Year ended 31 March				
	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Results					
Turnover	624,258	352,164	1,784,148	430,744	428,550
Revenue	110,522	181,816	227,892	125,437	101,607
Profit/(loss) before tax	376,669	(1,366,617)	277,159	136,262	201,270
Income tax (expense)/credit	(4,113)	(6,057)	(20,469)	7,158	(13,210)
Profit/(loss) for the year	372,556	(1,372,674)	256,690	143,420	188,060
Other comprehensive income/(expense)	37,449	(15,331)	(249)	52,730	17,060
Total comprehensive income/(expense)	410,005	(1,388,005)	256,441	196,150	205,120

	At 31 March				
	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Assets and liabilities					
Total assets	5,368,288	4,775,088	5,875,752	6,149,840	3,036,148
Total liabilities	(841,109)	(660,643)	(245,289)	(554,982)	(121,648)
Net assets	4,527,179	4,114,445	5,630,463	5,594,858	2,914,500