



Wealthking Investments Limited

Stock Code: 1140

Bridging · **Integration**

Interim Report 2021/2022



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FORWARD-LOOKING STATEMENTS

This interim 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.

Corporate Information

BOARD OF DIRECTORS

Executive Director

Dr. LIU Zhiwei (*Chairman*)

Non-executive Directors

Dr. FU Weigang

*(re-designated from Independent
Non-executive Director
on 11 October 2021)*

Dr. WANG Shibin

(appointed on 11 October 2021)

Independent Non-executive Directors

Prof. HE Jia

Mr. WANG Xiaojun

Mr. CHEN Yuming

CHIEF EXECUTIVE OFFICER

Dr. ZHU Xianzhong

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

Dr. LIU Zhiwei (*Chairman*)

Prof. HE Jia

Mr. WANG Xiaojun

Mr. CHEN Yuming

CORPORATE GOVERNANCE COMMITTEE

Prof. HE Jia (*Chairman*)

Mr. WANG Xiaojun

Mr. CHEN Yuming

AUTHORIZED REPRESENTATIVES

Dr. LIU Zhiwei

Ms. NG Sau Lai

COMPANY SECRETARY

Ms. NG Sau Lai

INVESTOR RELATIONS CONTACT DETAILS

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Email: ir@wealthking.com.hk

INVESTMENT MANAGER

Bestone Capital Limited

*(formerly known as Venture Partners
Asset Management Limited)*

Corporate Information

AUDITOR

ZHONGHUI ANDA CPA Limited

PRINCIPAL REGISTRAR

SMP Partners (Cayman) Limited
Royal Bank House, 3rd Floor
24 Shedden Road, P.O. Box 1586
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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

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 Limited
Luso International Banking Limited
Nanyang Commercial Bank, Limited
China Everbright Bank Company Limited
Bank SinoPac Co., Ltd.

STOCK CODE

The Stock Exchange of Hong Kong Limited
Code: 1140

WEBSITE

www.wealthking.com.hk

Chairman's Statement

CROSS-BORDER INTEGRATION TO CONVERGE VALUES

Dear Shareholders,

In 2021, the global economy was able to reopen with the introduction of COVID-19 vaccines. However, continued geopolitical tensions, inflationary pressures and the emergence of variants have caused the economic recovery of various countries to be slower than expected. Wealthking Investments has seized opportunities amidst the challenges of a complex and volatile market environment. With a prudent and proactive investment strategy and stringent risk management measures, the overall performance of the investment portfolio has been solid. For the first half of 2021/2022, the Group recorded a revenue of approximately HK\$48.95 million and achieved a profit of approximately HK\$196.79 million. As of 30 September 2021, our net asset value increased to approximately HK\$5.121 billion as compared to HK\$4.527 billion six months ago.

Adhering to the operation principle of “cross-sector, cross-border, cross-cycle, leverage networks, attract talent and discover opportunities”, Wealthking Investments is strategically committed to building a professional, market-oriented and international investment platform. We continue to upgrade our investment strategy, optimize our asset allocation, strengthen our capital management and improve our corporate governance, and the Company's comprehensive strength has been steadily improved.

Promotion of Investment Strategy Upgrade

For the year of 2020/2021, 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, to build the investment portfolio that could cross market cycle and balance liquidity and risk-yield rate. Our investment strategy has been further extended from traditional private equity to capture more investment opportunities by deploying secondary markets and digital assets, participating in cornerstone placements, and continuously optimizing asset allocation. We are also actively exploring diversified exit channels to accelerate capital recovery and enhance the liquidity of our overall asset portfolio.

Chairman's Statement

Optimization of Investment Allocation

The new generation of technologies represented by artificial intelligence, blockchain and big data is deeply integrated with the real economy, and its development has accelerated under the pandemic, becoming a new engine for economic development worldwide. With a deep understanding of future economic development trends, the Board has continued to optimize its investment allocation and formulated an investment roadmap around the digital economy. In order to implement this investment roadmap, the Company has established a wholly-owned subsidiary, Block AI Company Limited, to fully focus on investments in the digital economy and advanced technology sectors, and to actively develop and reserve industry-leading projects to seize the opportunities of the digital development of the industry.

Active Expansion of Capital Sources

We are pleased to announce that the Company completed its third expansion of authorized share capital since its inception during the reporting period and is well positioned to achieve its long-term strategic objectives. Since 2021, the Company has raised a total of approximately HK\$383 million in the capital market, further expanding the Company's shareholder resources and capital base and reserving funds for investment in new projects. In the future, we will further leverage our financing advantages as a listed company, form a virtuous circle through mutual promotion of capital raising and capital management, and comprehensively enhance our capital strength and competitiveness.

Strengthening Human Capital Construction

Based on the management model of Hong Kong and Shenzhen dual headquarters, we continue to promote the integration of resources within the Group, and effective progress has been made in human capital construction. The Board also actively recruits professionals in the field of digital economy to provide strong talent support for the implementation of our investment roadmap in digital economy. Through regular business training and special meetings, the professionalism and competitiveness of our team are enhanced, and our development foundation is consolidated.



Chairman's Statement

Optimization of Information Disclosure Mechanism

In order to fully comply with our disclosure obligations as a listed company, we improved our internal system during the reporting period to ensure fair, true, accurate and complete disclosure of information and continued to optimize our governance standards. In addition to compulsory information disclosure in accordance with the law, we also strengthened voluntary information disclosure to proactively and timely communicate to the market information on our strategic development, investment strategies and the progress of our investee companies.

Future Prospects

2021 is the opening year of the 14th Five-Year-Plan. China has accelerated the construction of a “dual circulation” development pattern, comprehensively deepened reforms, and continuously released its market advantages and domestic demand potential. Meanwhile, technological innovation has accelerated the transformation and upgrade of industrial structure. Frontier technologies such as blockchain, meta-universe and quantum computing, which represent a new generation of technological revolution, have driven the strong rise of the digital economy and profoundly changed the operating mode of the global economy. Looking ahead, we will firmly implement the 14th Five-Year-Plan, actively integrate into the new development landscape, firmly grasp the development trend of industrial digitalization, low-carbon transformation, smart economy and financial technology, and continuously explore investment opportunities emerging from the process of socio-economic transformation. Leveraging on Hong Kong's strategic position as an intersection of internal and external circulation, we will fully utilize our strengths as a cross-border investment company and continue to move forward towards our strategic goal of building a professional, market-oriented and international investment platform to bring excellent returns for our shareholders and create more value for society!

LIU Zhiwei

Chairman

26 November 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

During the Period (the six months ended 30 September 2021, same as below), we continued to adopt 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 Period, we continued to optimize asset allocation, and actively explored investment opportunities in cutting-edge technology fields such as metaverse, blockchain, intelligent manufacturing, new energy, and fintech. Global economic activities were still constrained by COVID-19 pandemic during the Period, 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\$420.37 million during the Period, mainly through private equity, debt investments as well as listed securities, and our divestment amounted to HK\$559.08 million, mainly derived from some debt instruments, listed securities and private equity investments.

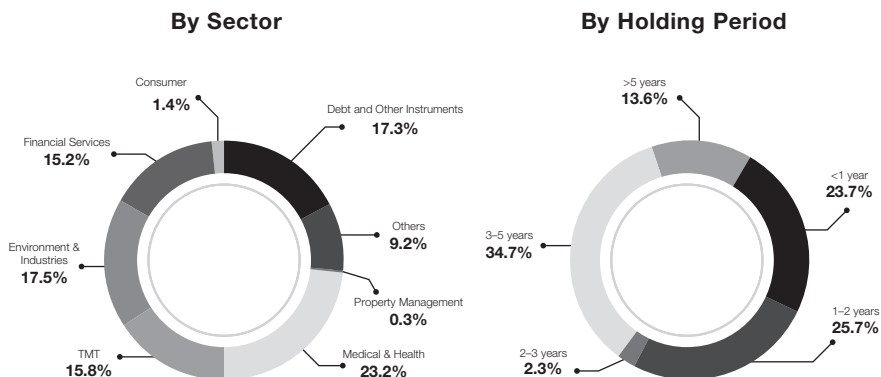
Management Discussion and Analysis

Portfolio Breakdown

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

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

As of 30 September 2021, the top four sectors of our existing portfolio were Medical and Health, Environment and Industrials, Technology, Media and Telecom (“TMT”) and Debt and Other Instruments, which represented 73.8% 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”).



Management Discussion and Analysis

MAJOR INVESTMENT PORTFOLIO

Private Equity

Private equity represents equity investment in private companies through our own capital to support its long-term development. We mainly divide private equity into two categories, namely long-term core holding and other private equity. As of 30 September 2021, Wealthking Investments' holdings in private equity category amounted to HK\$3,114.25 million.


Long-Term Core Holding

As of 30 September 2021, three companies were categorized as our long-term core holding portfolio, namely iCarbonX, CSOP Asset Management Limited ("CSOP") and OPIM Holdings Limited ("OPIM"). iCarbonX primarily focuses on digital health management, CSOP is the largest Qualified Foreign Institutional Investor ("RQFII") manager globally, and OPIM is Asia's leading hedge fund platform. Wealthking Investments' holdings in the core holding companies amounted to HK\$1,174.57 million as at 30 September 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\$1,022.49 million
Location: China
Industry: Medical & Health

In 2018, Wealthking Investments invested in iCarbonX as one of its core holding companies and established a joint venture with iCarbonX named iCarbonX OP Investment Limited to capture potential investment opportunities within the healthcare industry. As at 30 September 2021, the Group owned 7.73% of equity interests in iCarbonX and the carrying value of the position stood at HK\$1,022.49 million.



Management Discussion and Analysis

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.

Management Discussion and Analysis

iCarbonX is also committed to improving research and development capabilities. The new generation of high-density polypeptide chip research and development base has been completed and officially settled in Hengqin. The entire research and development base has a construction area of 3,100 square meters and the first phase of equipment investment is about RMB65 million. The chip equipment is currently in the stage of installation and debugging, and is expected to be put into production in the middle of 2022.

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

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 million

Carrying value: HK\$107.28 million

Location: Hong Kong

Industry: Financial Services

CSOP was jointly established by Wealthking Investments and China Southern Asset Management Co., Ltd. in 2008. As at 30 September 2021, Wealthking Investments owned 22.5% of the issued capital of CSOP, of which the carrying value stood at HK\$107.28 million, increasing 3.32%, or by HK\$3.45 million as compared to HK\$103.83 million as at 31 March 2021 due to share of profits contributed by CSOP, which was driven by its robust business performance during the Period.

CSOP is a well-known asset management company based in Hong Kong, which manages private and public funds, and provides investment advisory services to Asian and global investors with a dedicated focus on China investing. As a leading cross-border asset management expert in respect of Asset Under Management (AUM), CSOP once held the world's largest RMB RQFII quota of RMB46.1 billion.

In the fast-changing market, CSOP never stops being innovative in capturing opportunities, CSOP have 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 many awards in total from various parties at both corporate and product levels during the Period, including but not limited to the Best Passive Fund Manager on 5 May 2021 by AsianInvestor and the Best ETF Provider in Hong Kong by The Asset.


Management Discussion and Analysis

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

OPIM Holdings Limited

Date of initial investment: 2008
Type of deal: Core Holding
Equity ownership: 30%
Cost: HK\$59.47 million
Carrying value: HK\$44.8 million
Location: Hong Kong
Industry: Financial Services

As at 30 September 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 Group's position remained unchanged. As at 30 September 2021, the Group's position in OPIM stood at HK\$44.8 million. OPIM managed over 40 funds as at the end of 2020 benefiting from the rebound of the capital markets.



Management Discussion and Analysis

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 Period, 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

Other Private Equity

Apart from long-term core holding, Wealthking Investments' holdings in the other Private Equity category amounted to HK\$1,939.68 million as at 30 September 2021. The Group added new investments of HK\$6 million and exited from a few investments amounting to HK\$134.56 million in total in this category during the Period. In making decisions on either to maintain the holdings for future divestment to benefit from growth of business, or to exit and harvest returns for potential new investments, the Group based on prudent and extensive analysis of market condition and investment projects' prospect. The major investments are listed as below:

Jiedaibao Limited ("Jiedaibao")

Date of initial investment: 2020

Type of deal: Private Equity

Equity ownership: 1.97%

Cost: HK\$700 million

Carrying value: HK\$741.12 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 Group. As at 30 September 2021, the Group's position in Jiedaibao stood at HK\$741.12 million.

Management Discussion and Analysis

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 Group.

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\$435.14 million

Location: China

Industry: Financial Services

Wealthking Investments acquired 25% equity interest in Treasure Up Ventures Limited (“Treasure Up”), which in turn participates in a minority economic interest in BITIC. As at 30 September 2021, the Group’s position in BITIC stood at HK\$435.14 million. 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 Group.

Management Discussion and Analysis

華建實業投資有限公司 (“華建實業”)

Date of initial investment: 2020

Type of deal: Private Equity

Equity ownership: 12.5%

Cost: HK\$370 million

Carrying value: HK\$378.72 million

Location: China

Industry: Others

Wealthking Investments entered into agreements to acquire 100% of the equity of Wall King Industry Investment Limited, which in turn to purchase 12.5% of equity interest issued by 華建實業 with a total consideration of HK\$370 million. As at 30 September 2021, the Group’s position in 華建實業 stood at HK\$378.72 million.

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 Group.

Management Discussion and Analysis

Portfolio Management

As at 30 September 2021, Wealthking Investments' holdings in the portfolio management category amounted to HK\$1,852.95 million. Wealthking Investments' holdings in listed securities that fell into this category amounted to HK\$931.63 million, while the holdings in debt investments amounted to HK\$879.02 million, and the holdings in others amounted to HK\$42.3 million. The Group added an investment of HK\$405.38 million and exited from debt investments, listed securities and others amounting to HK\$400.95 million in total in this category during the Period. At the same time, our portfolio of debt instruments recorded provision for expected credit losses under HKFRS 9, while some listed securities recorded market price change for the Period.

The Group invests in debt instruments with the consideration of return, risk and liquidity. For the Period, the interest rate we charged for the debt instruments, of which the borrowers were mainly investment companies, ranged from 6% to 10% as compared to 6% to 11.5% for the same period last year. The total interest income generated from debt instruments was HK\$36.71 million with loan tenures ranging from 1 year to 5 years, while the corresponding amount and range for the same period last year were HK\$47.56 million and 18 months to 3 years, respectively.

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

Management Discussion and Analysis

The major investment is listed as below:

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

Date of initial investment: 2019
Type of deal: Securities
Equity ownership: 19.9%
Cost: HK\$822.56 million
Carrying value: HK\$799.99 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 30 September 2021, the Group's position in Dagang Holding stood at HK\$799.99 million. 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 Group.

Management Discussion and Analysis

Trading and Others

As at 30 September 2021, Wealthking Investments' holdings in the trading and others category amounted to HK\$3.53 million. Wealthking Investments' holdings in listed securities that fell into this category amounted to HK\$1.1 million, while the holdings in the other equity investment amounted to HK\$2.43 million. During the Period, Wealthking Investments made new investments in and divestments from some listed securities and an equity investment to enhance the capital liquidity and generated returns from capital gains.

FINANCIAL REVIEW

Financial position

Net asset value: As at 30 September 2021, the Group's net asset value was HK\$5,121 million, or HK\$1.47 per share, as compared to HK\$4,527.18 million and HK\$1.56 per share respectively as at 31 March 2021.

Gearing: The gearing ratio, which was calculated on the basis of total liabilities over total equity as at 30 September 2021, was 0.1 (31 March 2021: 0.19).

Investments in associates and joint ventures: It represents our interest in companies accounted for using equity method such as core holding company CSOP and BITIC etc. Assets value stood at HK\$712.68 million as at 30 September 2021, representing an increase of 1.09% as compared to HK\$705.02 million as at 31 March 2021, mainly due to the increase in share of results of CSOP and 東英騰華融資租賃(深圳)有限公司 (“東英騰華”) and new investment of 深圳市君匯鑫亦諮詢合夥企業(有限合夥), partially offset with valuation decrease of BITIC due to the impact by the unfavourable market environment during the Period.

Investments at fair value through profit and loss: It stood at HK\$3,398.42 million as at 30 September 2021, representing a decrease of 7.6% as compared to HK\$3,677.78 million as at 31 March 2021, mainly attributable to the disposal of Xiaoju Kuaizhi Inc.'s interests and the decrease in the valuation of iCarbonX.

Management Discussion and Analysis

Debt investments: It represents the investments in debt instruments as at 30 September 2021, which amounted to HK\$859.62 million. The increase of 56.47% as compared to HK\$549.37 million as at 31 March 2021 was primarily because the Group invests into two debt investments, exited from some debt investments and associated ECL change of certain debt investments.

Bank and cash balances: As at 30 September 2021, the Group's bank and cash balances stood at HK\$127.29 million (31 March 2021: HK\$66.61 million). We manage our bank and cash balances principally on the basis of making good use of capital to achieve returns for shareholders and ensuring sufficient liquidity for our working capital requirements.

RESULTS

Entering 2021, the global economy has gradually recovered from the impact of the COVID-19, which recovery had positively impacted on the valuation of our portfolio for the Period and our business that was interrupted by the pandemic has been restarted progressively. The Group recorded a total revenue of HK\$48.95 million during the Period, representing an increase of 1.41% as compared to HK\$48.27 million same period of last year. The Group recorded profit for the Period of HK\$196.79 million as compared to HK\$425.41 million for the same period last year. The change was primarily driven by HK\$340.01 million of reversal of provision for expected credit loss, partially offset with HK\$138.18 million in net change in unrealised loss on investment at fair value through profit or loss, HK\$15.56 million of net realised loss on disposal and distribution of investments.

Management Discussion and Analysis

Condensed consolidated statement of profit or loss and other comprehensive income

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

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Dividend income ⁽¹⁾	2,629	551
Interest revenue ⁽²⁾	46,323	47,720
	48,952	48,271

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

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

Net change in unrealized loss on investments at fair value through profit or loss: The net change in unrealized loss of HK\$138.18 million (1H FY2020/2021: gain of HK\$458.22 million) mainly represents the net result of (i) the unrealised loss of HK\$40.96 million on listed securities, (ii) the unrealised loss of HK\$14.69 million on investment funds, (iii) the unrealised loss of HK\$126.89 million on iCarbonX, (iv) the unrealised loss of HK\$14.42 million on Wall King, partially offset by, (v) the unrealised gain of HK\$20.76 million on Xiaoju Kuaizhi Inc.'s interests and (vi) the unrealised gain of HK\$41.12 million on Jiedaibao.

Net change in unrealized gain on financial liabilities at fair value through profit or loss: The net change in unrealized gain of HK\$0.95 million (1H FY2020/2021: gain of HK\$4.14 million) mainly represents the share of unrealised loss on co-investments by our co-investment partners.

Management Discussion and Analysis

Net realized loss on disposal and distribution of investments: The realized loss of HK\$15.56 million (1H FY2020/2021: loss of HK\$118.62 million) during the Period mainly represents the realised loss of HK\$20.75 million on disposal of Xiaoju Kuaizhi Inc.'s interests partially offset with the realised gain of HK\$5.3 million on disposal of listed securities.

Reversal of provision for ECL: The reversal of provision for ECL of HK\$340.01 million for the Period (1H FY2020/2021: HK\$52.93 million) mainly represents the reversal of provision of ECL of HK\$372.01 million on debt instruments and interest receivable, partially offset by the provision for ECL on a few other debt instruments and interest receivable.

Operating and administrative expenses: The total amount of HK\$35.92 million operating and administrative expenses (1H FY2020/2021: HK\$44.97 million) was mainly the result of staff costs, asset management fee, depreciation, service fee expenses as well as legal and professional fees. The decrease in operating and administrative expenses was primarily driven by a decrease of HK\$5.41 million in staff cost and HK\$6.94 million in asset management fee.

Share of losses/profits of associates and joint venture: a net loss of approximately HK\$1.64 million (1H FY2020/2021: net profit of HK\$82.25 million) mainly accounted for share of results of 東英騰華, CSOP and BITIC.

Other comprehensive income: Changes in the Group's NAV, which are not accounted for in "profit for the Period", are recorded under "other comprehensive income". The net gain of HK\$13.65 million (1H FY2020/2021: gain of HK\$24.94 million) represented the exchange differences. Including the "profit for the Period", the total comprehensive income for the Period was a gain of HK\$210.45 million.

DIVIDEND POLICY AND PROPOSED FINAL DIVIDEND

The Board has resolved not to pay any interim dividend in respect of the Period (1H FY2020/2021: nil).

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 September 2021, the Group had cash and bank balances of HK\$127.29 million (31 March 2021: HK\$66.61 million). The Group had an aggregate of HK\$417.1 million loans primarily comprised of bank loan from one of our principal bankers, loan from a securities company, unsecured other interest-bearing borrowings and interest-free borrowings from one of the associates for a PRC potential investment as at 30 September 2021 (31 March 2021: HK\$528.6 million). The debt-to-equity ratio (interest-bearing external borrowings divided by shareholders' equity) stood at 6.71% (31 March 2021: 10.1%) while the current ratio (current assets divided by current liabilities) was 6.57 times (31 March 2021: 3.65 times). For further analysis of the Group's cash position, current assets and gearing, please refer to paragraphs under subsections headed "Financial Position".

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

CAPITAL STRUCTURE

As at 30 September 2021, Shareholders' Equity and the total number of shares in issue of the Company stood at HK\$5.12 billion (31 March 2021: HK\$4.53 billion) and 3,481,128,000 (31 March 2021: 2,900,940,000), respectively.

On 3 September 2021, the Company issued and allotted an aggregate of 580,188,000 ordinary new shares at the subscription price of HK\$0.66 per share to the subscribers. The detailed disclosures relating to the Company's issue and allotment of new shares are set out in the section headed "USE OF PROCEEDS FROM ISSUE OF EQUITY SECURITIES".

Management Discussion and Analysis

MATERIAL ACQUISITIONS AND DISPOSALS OF INVESTMENTS

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

	New/ Additional Investment (HK\$ million) (unaudited)	Divestment/ Disposal (HK\$ million) (unaudited)
Private Equity	6 ⁽¹⁾	134.56 ⁽²⁾
Portfolio Management		
— Listed security	23.25 ⁽³⁾	17.5 ⁽⁴⁾
— Debt instrument	382.13	383.35
— Others	—	0.1
Trading and others	8.99	23.57
Total	420.37	559.08

(1) The HK\$6 million represents the Group's investment in 深圳市君匯鑫亦諮詢合夥企業(有限合夥) during the Period.

(2) The HK\$134.56 million represents the Group's divestment from Xiaoju Kuaizhi Inc. during the Period.

(3) The HK\$23.25 million represents the Group's investment in Yuexiu Services Group Limited during the Period.

(4) The HK\$17.5 million represents the Group's divestment from 3 listed securities during the Period.

SEGMENT INFORMATION

Segment information of the Group is set out in note 6 on pages 57 to 59 of this report.

Management Discussion and Analysis

EMPLOYEES

As of 30 September 2021, the Group had 17 employees (31 March 2021: 21), inclusive of all Directors of the Group and its subsidiaries. Total staff costs including equity-settled share-based payments for the Period amounted to HK\$8.07 million (1H FY2020/21: HK\$13.48 million). The Group's remuneration policies are in line with market practices and are determined on the basis of the performance and experience of individual employees.

SHARE OPTION SCHEME

During the Period, the Board did not grant any share option under the Company's share option scheme to any Directors or eligible employees of the Group and there were no granted share options exercised (1H FY2020/21: nil). As at 30 September 2021, there were 16,000,000 (31 March 2021: 65,700,000) share options that remained outstanding under the share option scheme.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

As at 30 September 2021, the Group was exposed to foreign exchange risk arising from financial instruments that are monetary items including investments at fair value through profit or loss, prepaid consideration for equity investment, interest receivables, loan and other receivables, bank balances, borrowings and lease liabilities and other payables (31 March 2021: investments at fair value through profit or loss, loan and other receivables, bank balances and other payables). These assets were denominated in RMB and the maximum exposure to foreign exchange risk was RMB955,465,000, equivalent to HK\$1,148,516,000 (31 March 2021: RMB499,936,000, equivalent to HK\$591,500,000).

As at 30 September 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 30 September 2021, certain listed securities of the Group is being used to secure the Group's margin securities trading. In addition, certain assets of the Group with carrying values of HK\$127.28 million have been pledged to secure the banking facilities granted to the Group.

Management Discussion and Analysis

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

As at 30 September 2021, there were no plans for material investments or capital assets, but the Group may, at any point, be negotiating potential investments. The Company considers new investments as part of its daily business, and therefore management may publically announce these plans as they become necessarily disclosable to shareholders during the course of the financial year.

USE OF PROCEEDS FROM ISSUE OF EQUITY SECURITIES

On 3 September 2021, the Company issued and allotted 580,188,000 ordinary new shares (the "Subscription Shares") at a subscription price of HK\$0.66 per share for a total cash consideration of approximately HK\$382.9 million pursuant to the subscription agreements entered into with seven subscribers (the "August 2021 Subscription"). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of these seven subscribers was a third party independent of the Company and its connected persons (within the meaning of the Listing Rules).

The aggregate nominal value of the Subscription Shares were HK\$58,018,800 and the market value of the Subscription Shares was approximately HK\$423,537,240 based on the closing price of HK\$0.73 per share as quoted on the Stock Exchange on the date of the subscription agreements. Taking into account the expenses of the August 2021 Subscription in the amount of approximately HK\$63,000, the net price to the Company of each Subscription Share was approximately HK\$0.66 per Subscription Share.

The Directors considered that it was in the interests of the Company to raise capital from the equity market in order to maintain the cash flow position of the Group and to enhance the capital and shareholders' base of the Company for long-term development and further strengthen its financial position. The net proceeds, after deduction of all relevant expenses incidental to the August 2021 Subscription, were approximately HK\$382.8 million. The net proceeds from the August 2021 Subscription were used as the general working capital of the Company and for funding investment projects of the Company.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

Management Discussion and Analysis

EVENTS AFTER THE REPORTING PERIOD

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company on 15 October 2021, the authorised share capital of the Company was increased from HK\$400,000,000 divided into 4,000,000,000 shares of HK\$0.10 each to HK\$2,000,000,000 divided into 20,000,000,000 shares by the creation of an additional 16,000,000,000 shares.

On 25 November 2021, the Company issued and allotted 580,188,000 ordinary new shares at a subscription price of HK\$0.62 per share for a total cash consideration of HK\$359.71 million pursuant to the subscription agreements entered into with seven subscribers (the “October 2021 Subscription”). It has been the investment policy of the Company to invest in companies with high-growth potential in order to create value for shareholders. In a versatile market, it is important that the Group has readily available funds to capture fleeting opportunities for premium investments. The Directors considered that it was in the interests of the Company to raise capital by way of equity financing in order to maintain the cash flow position of the Group for capturing suitable investment opportunities in a timely manner. The October 2021 Subscription will also enhance the capital and shareholders’ base of the Company for long-term development and further strengthen its financial position. The net proceeds, after deduction of all relevant expenses incidental to the October 2021 Subscription, were approximately HK\$359 million. The net proceeds from the October 2021 Subscription will be used for future investment pursuant to the investment objectives of the Company. The Company will disclose the use of proceeds from the October 2021 Subscription in the annual report for the year ending 31 March 2022.

CORPORATE GOVERNANCE CODE

Except otherwise stated herein, none of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not, at any time during the Period, in compliance with the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

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. During the Period, Dr. Liu Zhi Wei attended the annual general meeting held on 18 August 2021 (“AGM”). Due to the stringent quarantine measures in response to the continuation of COVID-19 pandemic imposed by the Hong Kong government on cross-border travelers, Mr. Wang Xiaojun, Prof. HE Jia, Mr. CHEN Yuming and Dr. FU Weigang did not attend the AGM.

Management Discussion and Analysis

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

CHANGES IN DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Changes in Directors' information since the publication of the Company's annual report for the year ended 31 March 2021 (or, where applicable, subsequent announcement relating to the re-designation and appointment of Directors), is set out below pursuant to Rule 13.51B(1) of the Listing Rules:

Dr. Fu Weigang ceased to be an adjunct professor at Shanghai University of Finance and Economics, Shanghai Normal University and other universities.

Prof. He Jia ceased to be a leading professor of Department of Finance at the South University of Science and Technology of China and an independent non-executive director of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange.

Prof. He is currently a chair professor at Shandong University, the Qiushi chair professor at Zhejiang University, and a professor by courtesy at Tsinghua University. He also serves as an independent non-executive director of Missfresh Limited, the shares of which are listed on the Nasdaq Stock Market and Bank of Tianjin Co., Ltd., the shares of which are listed on the Main Board of the Stock Exchange.

Management Discussion and Analysis

Mr. Wang Xiaojun is a partner of Wang & Co. (formerly known as JNJ Partners LLP). Mr. Wang ceased to be an independent non-executive director of Livzon Pharmaceutical Group Co., Ltd, and became an independent non-executive director of Poly Property Services Co., Ltd., both companies the shares of which are listed on the Stock Exchange.

Save as disclosed above, there is no other changes in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

As at 30 September 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.

Name of director	Nature of Interests	Number of ordinary shares/Underlying shares held in the Company		As to % to the capital of the Company as at 30 September 2021 (note 1)
		Interests in shares	Interests under equity derivatives	
Dr. LIU Zhiwei	Beneficial owner	427,174,000(L)	-	12.27%

Notes:

- (1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 3,481,128,000 shares as at 30 September 2021.

Management Discussion and Analysis

Save as disclosed above, as at 30 September 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.

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

As at 30 September 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.

Name of shareholders	Capacity in which interest are held	Number of ordinary shares/Underlying shares held in the Company		Interests under equity derivatives	As to % to the capital of the Company as at 30 September 2021 (note 1)
		Interests in shares			
Mr. ZHANG Gaobo (note 2)	Interest of controlled corporation	359,800,000(L)		–	10.34%
Mr. ZHANG Zhi Ping (note 2)	Interest of controlled corporation	359,800,000(L)		–	10.34%
OPFGL (note 2)	Interest of controlled corporation	359,800,000(L)		–	10.34%

Management Discussion and Analysis

Name of shareholders	Capacity in which interest are held	Number of ordinary shares/Underlying shares held in the Company		Interests under equity derivatives	As to % to the capital of the Company as at 30 September 2021 (note 1)
		Interests in shares			
FTLife Insurance Company Limited (note 3)	Beneficial owner	290,000,000(L) 290,000,000(S)		–	8.33%
Cheng Yu Tung Family (Holdings II) Limited (note 3)	Interest in controlled corporation	290,000,000(L) 290,000,000(S)		–	8.33%
Wah Hing Global Investment Limited (note 4)	Beneficial owner	287,000,000(L)		–	8.24%
Mr. HE Zhiping (note 4)	Interest in controlled corporation	287,000,000(L)		–	8.24%
Full House Investment Limited (note 5)	Beneficial owner	275,860,000(L)		–	7.92%
Mr. FU Jianping (note 5)	Interest in controlled corporation	275,860,000(L)		–	7.92%
Magopt Ltd. (note 6)	Beneficial owner		– 202,553,560(L)		5.82%
Mr. LIU Yu (note 6)	Interest of controlled corporation		– 202,553,560(L)		5.82%
CMAM Investment Fund SPC, acting on behalf and for the account of CMAM Greater China Selected Fixed Income SP (note 7)	Beneficial owner	197,400,000(L)		–	5.67%
TYCOON CHAMP LIMITED (note 8)	Interest of controlled corporation	197,400,000(L)		–	5.67%

Management Discussion and Analysis

Notes:

- (1) The percentage of shareholding was calculated on the basis of the Company's issued share capital of 3,481,128,000 shares as at 30 September 2021.
- (2) This represented an aggregate of 330,000,000 shares held by Ottness Investment Limited ("Ottness") and 29,800,000 shares held by Oriental Patron Financial Services Group Limited ("OPFSGL"). Ottness is a wholly owned subsidiary of Oriental Patron Financial Group Limited ("OPFGL"), while 95% of the issued share capital of OPFSGL 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 OPFSGL.
- (3) 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 44.48% 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.
- (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 275,860,000 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 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.

Management Discussion and Analysis

- (7) 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.
- (8) 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.

Save as disclosed above, as at 30 September 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

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

AUDIT COMMITTEE

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

REVIEW OF INTERIM FINANCIAL INFORMATION

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

Independent Review Report



To the Board of Directors of Wealthking Investments Limited

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 38 to 84 which comprises the condensed consolidated statement of financial position of Wealthking Investments Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 September 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Independent Review Report

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Yeung Hong Chun

Practising Certificate Number P07374

Hong Kong, 26 November 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2021

	Notes	Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Turnover	5	225,467	434,964
Revenue	5	48,952	48,271
Other income		970	–
Net change in unrealised (loss)/gain on investments at fair value through profit or loss arising from			
– listed investments		(40,959)	141,064
– unlisted investments		(97,220)	317,154
		(138,179)	458,218
Net realised gain/(loss) on disposal and distribution of investments arising from			
– listed investments		5,303	(41,314)
– unlisted investments		(20,861)	(77,305)
		(15,558)	(118,619)
Net change in unrealised gain on financial liabilities at fair value through profit or loss		953	4,142
Realised loss on financial liabilities at fair value through profit or loss		–	(20,930)
Exchange differences		4,062	11,145
Reversal of provision for expected credit losses		340,008	52,932
Operating and administrative expenses		(35,915)	(44,967)
Operating profit		205,293	390,192
Finance costs	7	(10,968)	(9,673)
Share of (losses)/profits of associates and joint venture		(1,644)	82,254

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2021

		Six months ended 30 September	
	Notes	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit before tax		192,681	462,773
Income tax credit/(expense)	8	4,113	(37,360)
Profit for the period attributable to owners of the Company	9	196,794	425,413
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		10,374	23,598
Share of associates'			
— Exchange differences on translating foreign operations		3,279	1,341
Other comprehensive income for the period, net of income tax		13,653	24,939
Total comprehensive income for the period attributable to owners of the Company		210,447	450,352
Earnings per share	11		
— Basic		HK\$0.07	HK\$0.15
— Diluted		HK\$0.07	HK\$0.15

Condensed Consolidated Statement of Financial Position

As at 30 September 2021

	Notes	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
ASSETS			
Non-current assets			
Equipment	12	8,248	10,043
Right-of-use assets		42,126	46,880
Intangible assets		5,000	–
Investments in associates and joint ventures	13	712,678	705,023
Investments at fair value through profit or loss	14	1,197,755	1,335,687
Debt investments	15	332,661	292,473
Prepaid consideration	17	93,378	–
		2,391,846	2,390,106
Current assets			
Investments at fair value through profit or loss	14	2,200,666	2,342,097
Debt investments	15	526,961	256,900
Accounts and loans receivables	16	244,622	269,778
Interest receivables		100,291	24,696
Prepayments, deposits and other receivables		15,394	18,104
Pledged bank deposits		20,000	–
Bank and cash balances		127,285	66,607
		3,235,219	2,978,182
TOTAL ASSETS		5,627,065	5,368,288
EQUITY AND LIABILITIES			
Equity			
Share capital	20	348,113	290,094
Reserves		4,772,889	4,237,085
Total equity		5,121,002	4,527,179

Condensed Consolidated Statement of Financial Position

As at 30 September 2021

	Notes	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Liabilities			
Current liabilities			
Accounts payables	18	57	210,632
Other payables		23,813	26,287
Financial liabilities at fair value through profit or loss		4,632	6,331
Borrowings	19	417,098	528,603
Lease liabilities		31,975	29,635
Current tax liabilities		14,678	14,678
		492,253	816,166
Non-current liabilities			
Financial liabilities at fair value through profit or loss		997	917
Lease liabilities		12,813	19,913
Deferred tax liabilities		–	4,113
		13,810	24,943
Total liabilities		506,063	841,109
TOTAL EQUITY AND LIABILITIES		5,627,065	5,368,288
NET ASSETS		5,121,002	4,527,179
Net asset value per share	21	HK\$1.47	HK\$1.56

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

(Unaudited)
Attributable to owners of the Company

	Share capital		Reserves				Total
	Issued capital	Share premium	Share-based payment reserve	Surplus reserve	Exchange reserve	(Accumulated losses)/ retained profits	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021	290,094	4,674,804	46,880	465	24,033	(509,097)	4,527,179
Total comprehensive income for the period	-	-	-	-	13,653	196,794	210,447
Issue of shares (note 20)	58,019	324,842	-	-	-	-	382,861
Share-based payments (note 22)	-	-	515	-	-	-	515
Forfeiture of share options	-	-	(32,739)	-	-	32,739	-
Changes in equity for the period	58,019	324,842	(32,224)	-	13,653	229,533	593,823
At 30 September 2021	348,113	4,999,646	14,656	465	37,686	(279,564)	5,121,002

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

	(Unaudited)						
	Attributable to owners of the Company						
	Share capital	Reserves					Total
Issued capital	Share premium	Share-based payment reserve	Surplus reserve	Exchange reserve	(Accumulated losses)/ retained profits		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020	290,094	4,674,804	48,718	515	(13,466)	(886,220)	4,114,445
Total comprehensive income for the period	-	-	-	-	24,939	425,413	450,352
Share-based payments (note 22)	-	-	1,508	-	-	-	1,508
Changes in equity for the period	-	-	1,508	-	24,939	425,413	451,860
At 30 September 2020	290,094	4,674,804	50,226	515	11,473	(460,807)	4,566,305

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Cash flows from operating activities		
Net cash used in operating activities	(231,968)	(54,626)
Cash flows from investing activities		
Purchase of investments at fair value through profit or loss	(32,235)	(773,239)
Prepaid consideration for investment	(93,378)	–
Subscription of debt investments	(382,132)	–
Purchases of equipment	(1,642)	–
Purchases of intangible assets	(5,000)	–
Proceeds on settlement of debt investments	382,569	559,850
Distribution and disposal of investments at fair value through profit or loss	176,402	326,170
Repayment of loans to third parties	2,916	–
Interest received	27	34,914
Dividends received	26,461	44,315
Net redemption of unlisted investment funds	113	60,523
Acquisition of a joint venture	(6,005)	–
Payments to investment partners	(666)	(20,927)
Net cash generated from investing activities	67,430	231,606

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Increase in pledged bank deposits	(20,000)	–
Repayment of borrowings	(181,337)	(230,813)
Drawdown of borrowings	69,832	–
Repayment of lease liabilities	(15,464)	(13,739)
Lease interests paid	(1,229)	(1,688)
Loan interests paid	(9,447)	(6,780)
Proceeds from issue of shares	382,861	–
Net cash generated from/(used in) financing activities	225,216	(253,020)
Net increase/(decrease) in cash and cash equivalents	60,678	(76,040)
Cash and cash equivalents at the beginning of the period	66,607	117,388
Cash and cash equivalents at the end of the period	127,285	41,348
Analysis of cash and cash equivalents		
Bank and cash balances	127,285	41,348

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

1. General information

Wealthking Investments 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.

2. Basis of preparation

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

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2021. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2021.

3. Adoption of new and revised Hong Kong Financial Reporting Standards

In the current period, the Company and its subsidiaries (collectively referred to as the “Group”) has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2021. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

3. Adoption of new and revised Hong Kong Financial Reporting Standards (Continued)

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.

4. Fair value measurements

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

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 Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

4. Fair value measurements (Continued)

(a) Disclosures of level in fair value hierarchy

Fair value measurements at 30 September 2021 using:

<u>Description</u>	Level 1 HK\$'000 (unaudited)	Level 2 HK\$'000 (unaudited)	Level 3 HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Recurring fair value measurements:				
<u>Assets</u>				
Investments at fair value through profit or loss				
– Listed equity securities	932,727	–	–	932,727
– Unlisted equity investments	–	–	2,404,073	2,404,073
– Unlisted investment funds and limited partnership	–	22,372	19,855	42,227
– Unlisted debt investments	–	–	19,394	19,394
	932,727	22,372	2,443,322	3,398,421
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	–	–	(5,629)	(5,629)
Total recurring fair value measurements	932,727	22,372	2,437,693	3,392,792

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

4. Fair value measurements (Continued)

(a) Disclosures of level in fair value hierarchy (Continued)

Fair value measurements at 31 March 2021 using:

<u>Description</u>	Level 1 HK\$'000 (audited)	Level 2 HK\$'000 (audited)	Level 3 HK\$'000 (audited)	Total HK\$'000 (audited)
Recurring fair value measurements:				
<u>Assets</u>				
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 and 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
<u>Liabilities</u>				
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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

4. 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			Total assets	Financial liabilities at fair value through profit or loss	Total liabilities
	Unlisted equity investments	Unlisted investment fund and limited partnership	Unlisted debt investments			
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)			
At 1 April 2021	2,644,309	18,710	10,222	2,673,241	(7,248)	(7,248)
Total gains or losses recognised						
— in profit or loss ^(a)	(113,222)	1,145	9,950	(102,127)	953	953
Purchase	6,400	–	–	6,400	–	–
Disposals and distributions	(138,534)	–	(778)	(139,312)	666	666
Exchange difference	5,120	–	–	5,120	–	–
At 30 September 2021	2,404,073	19,855	19,394	2,443,322	(5,629)	(5,629)
^(a) Include gains or losses for assets and liabilities held at the end of the reporting period	(113,222)	1,145	9,950	(102,127)	953	953

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

4. Fair value measurements (Continued)

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

Description	Investments at fair value through profit or loss			Total assets	Financial liabilities at fair value through profit or loss	Total liabilities
	Unlisted equity investments	Unlisted investment fund and limited partnership	Unlisted debt investments			
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)			
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 ⁽ⁱⁱ⁾	89,105	(1,323)	1,152	88,934	4,085	4,085
Purchase	700,000	–	–	700,000	–	–
Disposals and distributions	(124,153)	(9,692)	–	(133,845)	21,872	21,872
At 30 September 2020	2,624,531	17,074	68,590	2,710,195	(7,396)	(7,396)
⁽ⁱⁱ⁾ Include gains or losses for assets and liabilities held at the end of the reporting period	74,213	(131)	1,152	75,234	4,147	4,147

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 loss/gain on investments at fair value through profit or loss and net change in unrealised gain on financial liabilities at fair value through profit or loss respectively in the condensed consolidated statement of profit or loss and other comprehensive income.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

4. Fair value measurements (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 September 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" or the "Directors") 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

<u>Description</u>	<u>Valuation technique</u>	<u>Inputs</u>	Fair value at 30 September 2021
			HK\$'000 (unaudited)
Unlisted investment funds	Share of net assets	N/A	22,372

<u>Description</u>	<u>Valuation technique</u>	<u>Inputs</u>	Fair value at 31 March 2021
			HK\$'000 (audited)
Unlisted investment funds	Share of net assets	N/A	38,439

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

4. Fair value measurements (Continued)

(c) **Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 September 2021 (Continued)**

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value at 30 September 2021 HK\$'000 (unaudited)
Investments at fair value through profit or loss					
–Unlisted partnership interests	Share of net assets	N/A	N/A	N/A	19,855
–Unlisted equity investments	Latest transaction price	N/A	N/A	N/A	782,202
	Discounted cash flow	Discount rate	30%	Decrease	1,022,488
		Long-term growth rate	5.3%	Increase	
		Discount rate for lack of marketabilities	20%	Decrease	
	Market comparable companies	Price to book ratio	2.43	Increase	45,317
		Discount rate for lack of marketability	20.6%	Decrease	
	Share of net assets	N/A	N/A	N/A	509,192

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

4. Fair value measurements (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 September 2021 (Continued)

Level 3 fair value measurements (Continued)

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value at 30 September 2021
					HK\$'000 (unaudited)
Investments at fair value through profit or loss (Continued)					
–Unlisted non-voting preference shares	Share of net assets	N/A	N/A	N/A	74
	Market comparable companies	Earnings multiples	12.32	Increase	44,800
		Discount rate for lack of marketability	20.6%	Decrease	
–Unlisted bond	Market comparable companies	Price to book ratio	2.32	Increase	19,394
		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	(5,629)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

4. Fair value measurements (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 September 2021 (Continued)

Level 3 fair value measurements (Continued)

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value at 31 March 2021
					HK\$'000 (audited)
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
		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
		Discount rate for lack of marketability	20.6%	Decrease	

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

4. Fair value measurements (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 September 2021 (Continued)

Level 3 fair value measurements (Continued)

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value at 31 March 2021 HK\$'000 (audited)
Investments at fair value through profit or loss (Continued)					
–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)

The change in valuation technique is reflective of the current market conditions.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

5. Turnover and revenue

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

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

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Dividend income	2,629	551
Interest revenue	46,323	47,720
Total revenue	48,952	48,271
Gross sales proceeds from disposal of investments	176,515	386,693
Turnover	225,467	434,964

6. Segment information

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

6. Segment information (Continued)

Geographical information

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue		
— Hong Kong	19,547	14,436
— Mainland China	14,935	553
— United States of America	14,470	33,282
	48,952	48,271

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

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Hong Kong	160,793	169,477
Mainland China	607,259	592,469

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

6. Segment information (Continued)

Revenue from major debt investments and loan

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

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Debt investment A	16,019	6,578
Debt investment B	12,721	10,600
Debt investment C	–	11,947
Debt investment D	–	9,180
Borrower E	6,214	–

7. Finance costs

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest on borrowings	9,739	7,985
Interest on lease liabilities	1,229	1,688
	10,968	9,673

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

8. Income tax credit/(expense)

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Deferred tax	4,113	(37,360)

No provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2021 and 2020 as the Group did not generate any assessable profits arising in Hong Kong during those periods.

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

9. Profit for the period

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

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Depreciation of equipment	3,281	3,420
Depreciation of right-of-use assets	15,458	14,959
Loss on disposal of equipment	156	–
Reversal of provision for expected credit losses ("ECL") of		
– debt investments	(298,437)	(45,232)
– accounts, loans, interest and other receivables	(41,571)	(7,700)
	(340,008)	(52,932)
Staff costs including Directors' emoluments	8,065	13,479

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

10. Dividend

No dividends was paid or proposed for ordinary shareholders of the Company during the six months ended 30 September 2021, nor has any dividend been proposed at the end of the reporting period (six months ended 30 September 2020: nil).

11. Earnings per share

(a) Basic earnings per share

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

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Earnings		
Earnings for the purpose of calculating basic earnings per share	196,794	425,413

	Six months ended 30 September	
	2021 '000 (unaudited)	2020 '000 (unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	2,989,712	2,900,940

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

11. Earnings per share (Continued)

(b) Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the six months ended 30 September 2021 and 2020.

12. Equipment

During the six months ended 30 September 2021, the Group acquired equipment of HK\$1,642,000 (six months ended 30 September 2020: nil).

13. Investments in associates and joint ventures

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Unlisted investments — share of net assets		
— Associates	706,667	705,023
— Joint ventures	6,011	—
	712,678	705,023

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

13. Investments in associates and joint ventures (Continued)

Details of the Group's associates and joint ventures as at 30 September 2021 are as follows:

Name of entity	Percentage of ownership interest and voting rights held by the Group at	
	30 September 2021	31 March 2021
Associates		
CSOP Asset Management Limited ("CSOP")	22.5%	22.5%
Guotai Junan Fund Management Limited	29.9%	29.9%
OPIM Holdings Limited ("OPIMH")	30.0%	30.0%
Treasure Up Ventures Limited ("TUVL")	25.0%	25.0%
iCarbonX OP Investment Limited	29.0%	29.0%
東英騰華融資租賃(深圳)有限公司("東英騰華")	30.0%	30.0%
上海赫奇企業管理諮詢有限公司("上海赫奇")	23.52%	23.52%
Greater Bay Area Kunlun Investment SPC ("昆侖投資基金")	30.0%	30.0%
東創智能(海南)數字科技有限公司("東創智能")	30.0%	30.0%
Joint ventures		
Shen Jiang L.P.	50.0%	50.0%
Magopt Investment L.P.	50.0%	50.0%
OP EBS Fintech Investment L.P.	40.0%	40.0%
深圳市君匯鑫亦諮詢合夥企業(有限合夥)	50.0%	0%

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

13. Investments in associates and joint ventures (Continued)

The Group's share of investments' net assets are as follows:

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
CSOP (note)	107,282	103,831
TUVL	435,137	446,757
東英騰華	81,010	72,928
上海赫奇	73,463	72,307
Others	15,786	9,200
	712,678	705,023

Note: As at 30 September 2021, it is pledged to secured bank facilities granted to the Group (31 March 2021: nil).

For the description of the business and financial information of the investments, please refer to the Company's annual report for the year ended 31 March 2021.

14. Investments at fair value through profit or loss

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Listed equity securities	932,727	966,104
Unlisted equity investments	2,404,073	2,644,309
Unlisted investment funds and limited partnership	42,227	57,149
Unlisted debt investments	19,394	10,222
	3,398,421	3,677,784
Analysed as:		
— Non-current assets	1,197,755	1,335,687
— Current assets	2,200,666	2,342,097
	3,398,421	3,677,784

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

15. Debt investments

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Unlisted debt investments	1,119,127	1,071,820
Provision for ECL	(259,505)	(522,447)
Total unlisted debt investments, net	859,622	549,373
Analysed as:		
– Non-current assets	332,661	292,473
– Current assets	526,961	256,900
	859,622	549,373

The debt investments carried fixed interest rate and they are expected to be settled on maturity date.

The fair value of the debt investments approximates its carrying value.

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

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Opening balance	522,447	542,263
Credit during the period/year	(298,437)	(19,816)
Transfer from interest receivables	35,570	–
Exchange difference	(75)	–
Closing balance	259,505	522,447

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

16. Accounts and loans receivables

	Notes	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Unsecured loans	(a)	217,775	216,991
Accounts receivables	(b)	1,089	1,089
Amounts due from associates and joint ventures	(c)	25,758	25,745
Dividend receivables	(d)	-	25,953
		244,622	269,778

Notes:

(a)		30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Unsecured loan to a potential investee	(i)	72,123	70,989
Unsecured loans to other third parties	(ii)	236,150	235,300
Provision for ECL		(90,498)	(89,298)
		217,775	216,991

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

16. Accounts and loans receivables (Continued)

Notes: (Continued)

(a) (Continued)

- (i) Unsecured loan of RMB60,000,000, equivalent to HK\$72,123,000 (31 March 2021: HK\$70,989,000), is provided to a potential investee established in the People's Republic of China ("PRC"). The Group assesses the feasibility of the potential investment from time to time. ECL of RMB60,000,000, equivalent to HK\$72,123,000 (31 March 2021: HK\$70,989,000) is recognised against the unsecured loan as at 30 September 2021 based on estimated recoverable amount determined by reference to an analysis of the counterparty's current operation.
- (ii) Unsecured loans of RMB196,456,000 (31 March 2021: RMB198,876,000), equivalent to HK\$236,150,000 (31 March 2021: HK\$235,300,000), are provided to 2 third parties established in the PRC with interest rate of 8% per annum. ECL of RMB15,286,000 (31 March 2021: RMB15,475,000), equivalent to HK\$18,375,000 (31 March 2021: HK\$18,309,000) is recognised against the unsecured loans as at 30 September 2021 based on estimated recoverable amount determined by reference to an analysis of the counterparty's current operation.

The Group does not hold any collateral or other credit enhancements over the balances.

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

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Unbilled	1,089	1,089

- (c) Amounts due from associates and joint ventures mainly arise from advance money provided for potential investment project and administrative expenses paid by the Group on behalf of its associates and joint ventures. The amounts are unsecured, interest-free and repayable on demand.
- (d) Dividend receivables represents dividend declared by CSOP as at 31 March 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

17. Prepaid consideration

In September 2021, the Company, through its wholly owned subsidiary, entered into a subscription agreement (the “Hengjiamailian Subscription Agreement”) with 上海恒嘉美聯發展有限公司 (“Hengjiamailian”). The total investment in this project is around HK\$600 million. After completion of the Hengjiamailian Subscription Agreement, the Group will hold 19.9% of the enlarged shareholding of Hengjiamailian.

18. Accounts payables

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

	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Within 1 year (note)	–	210,632
Over 1 year	57	–
	57	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. As at 30 September 2021, the accounts payables to the seller has been fully settled.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

19. Borrowings

	Notes	30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
Securities margin trading borrowing	(a)	227,519	223,941
Secured borrowing from bank	(b)	45,000	–
Unsecured other borrowings			
– Interest bearing	(c)	70,893	232,135
– Non-interest bearing	(d)	73,686	72,527
		417,098	528,603

Notes:

- (a) Securities margin trading borrowing from a securities company secured by certain listed securities of the Group and repayable within 1 year.
- (b) Secured borrowing from bank is secured by the Group's pledged bank deposits and repayable within 1 year.
- (c) Interest-bearing other borrowings are unsecured, interest bearing from 8% to 12% (31 March 2021: from 8% to 18%) per annum and repayable within 1 year.
- (d) Non-interest bearing borrowing represents RMB61,300,000 (equivalent to HK\$73,686,000 (31 March 2021: HK\$72,527,000)) 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 borrowings was 8.48% (31 March 2021: 6.06%) per annum.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

20. Share capital

	Number of ordinary shares '000	Amount HK\$'000
<i>Authorised:</i>		
Ordinary shares at 30 September 2021 of HK\$0.1 (unaudited) (31 March 2021: HK\$0.1 (audited)) each	4,000,000	400,000
<hr/>		
	Number of ordinary shares '000	Amount HK\$'000
<i>Issued and fully paid:</i>		
Ordinary shares at 30 September 2021 of HK\$0.1 (unaudited) (31 March 2021: HK\$0.1 (audited)) each		
At 1 April 2020, 31 March 2021 and 1 April 2021 (audited)	2,900,940	290,094
Issue of shares (note)	580,188	58,019
<hr/>		
At 30 September 2021 (unaudited)	3,481,128	348,113

Note: On 3 September 2021, the Company issued 580,188,000 ordinary new shares at a subscription price of HK\$0.66 per share for a total net cash consideration of HK\$382,861,000, net of share subscription expenses of HK\$63,000.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

21. Net asset value per share

The net asset value per share is calculated by dividing the net asset value of the Group as at 30 September 2021 of HK\$5,121,002,000 (31 March 2021: HK\$4,527,179,000) by the number of ordinary shares in issue at that date, being 3,481,128,000 (31 March 2021: 2,900,940,000).

22. Share-based payments

Under the share option scheme adopted on 17 May 2016 (the “Share Option Scheme”), 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 six months ended 30 September 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 Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

22. Share-based payments (Continued)

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

Date of grant of share options: 20 May 2016

Grantee	Exercisable period	Number of share options		
		Balance at 1 April 2021	Expired during the period	Balance at 30 September 2021
		'000 (unaudited)	'000 (unaudited)	'000 (unaudited)
Ex-director	20 May 2017 to 19 May 2021	1,750	(1,750)	-
	20 May 2018 to 19 May 2021	1,750	(1,750)	-
	20 May 2019 to 19 May 2021	1,750	(1,750)	-
	20 May 2020 to 19 May 2021	1,750	(1,750)	-
		7,000	(7,000)	-
Directors of group companies	20 May 2017 to 19 May 2021	4,500	(4,500)	-
	20 May 2018 to 19 May 2021	4,500	(4,500)	-
	20 May 2019 to 19 May 2021	4,500	(4,500)	-
	20 May 2020 to 19 May 2021	4,500	(4,500)	-
		18,000	(18,000)	-
Ex-employees	20 May 2017 to 19 May 2021	3,950	(3,950)	-
	20 May 2018 to 19 May 2021	4,250	(4,250)	-
	20 May 2019 to 19 May 2021	4,250	(4,250)	-
	20 May 2020 to 19 May 2021	4,250	(4,250)	-
		16,700	(16,700)	-
Consultants	20 May 2017 to 19 May 2021	1,250	(1,250)	-
	20 May 2018 to 19 May 2021	1,250	(1,250)	-
	20 May 2019 to 19 May 2021	1,250	(1,250)	-
	20 May 2020 to 19 May 2021	1,250	(1,250)	-
		5,000	(5,000)	-
		46,700	(46,700)	-

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

22. Share-based payments (Continued)

Movement of the Company's share options during the period: (Continued)

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

Grantee	Exercisable period	Number of share options		
		Balance at 1 April 2020	Lapsed during the period	Balance at 30 September 2020
		'000 (unaudited)	'000 (unaudited)	'000 (unaudited)
Ex-director	20 May 2017 to 19 May 2021	1,750	–	1,750
	20 May 2018 to 19 May 2021	1,750	–	1,750
	20 May 2019 to 19 May 2021	1,750	–	1,750
	20 May 2020 to 19 May 2021	1,750	–	1,750
		7,000	–	7,000
Directors of group companies	20 May 2017 to 19 May 2021	4,500	–	4,500
	20 May 2018 to 19 May 2021	4,500	–	4,500
	20 May 2019 to 19 May 2021	4,500	–	4,500
	20 May 2020 to 19 May 2021	4,500	–	4,500
		18,000	–	18,000
Employees and ex-employees	20 May 2017 to 19 May 2021	4,700	–	4,700
	20 May 2018 to 19 May 2021	5,000	–	5,000
	20 May 2019 to 19 May 2021	5,000	–	5,000
	20 May 2020 to 19 May 2021	5,000	–	5,000
		19,700	–	19,700
Consultants	20 May 2017 to 19 May 2021	1,250	–	1,250
	20 May 2018 to 19 May 2021	1,250	–	1,250
	20 May 2019 to 19 May 2021	1,250	–	1,250
	20 May 2020 to 19 May 2021	1,250	–	1,250
		5,000	–	5,000
		49,700	–	49,700

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

22. Share-based payments (Continued)

Movement of the Company's share options during the period: (Continued)

Date of grant of share options: 1 February 2018

Grantee	Exercisable period	Number of share options		
		Balance at 1 April 2021	Lapsed during the period	Balance at 30 September 2021
		'000 (unaudited)	'000 (unaudited)	'000 (unaudited)
Ex-director	1 February 2019 to 31 January 2023	2,500	–	2,500
	1 February 2020 to 31 January 2023	2,500	–	2,500
	1 February 2021 to 31 January 2023	2,500	–	2,500
	1 February 2022 to 31 January 2023	2,500	–	2,500
		10,000	–	10,000
Employees and ex-employees	1 February 2019 to 31 January 2023	2,250	(750)	1,500
	1 February 2020 to 31 January 2023	2,250	(750)	1,500
	1 February 2021 to 31 January 2023	2,250	(750)	1,500
	1 February 2022 to 31 January 2023	2,250	(750)	1,500
		9,000	(3,000)	6,000
		19,000	(3,000)	16,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

22. Share-based payments (Continued)

Movement of the Company's share options during the period: (Continued)

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

Grantee	Exercisable period	Number of share options		
		Balance at 1 April 2020	Lapsed during the period	Balance at 30 September 2020
		'000 (unaudited)	'000 (unaudited)	'000 (unaudited)
Ex-director	1 February 2019 to 31 January 2023	2,500	–	2,500
	1 February 2020 to 31 January 2023	2,500	–	2,500
	1 February 2021 to 31 January 2023	2,500	–	2,500
	1 February 2022 to 31 January 2023	2,500	–	2,500
		10,000	–	10,000
Employees and ex-employees	1 February 2019 to 31 January 2023	3,000	–	3,000
	1 February 2020 to 31 January 2023	3,000	–	3,000
	1 February 2021 to 31 January 2023	3,000	–	3,000
	1 February 2022 to 31 January 2023	3,000	–	3,000
		12,000	–	12,000
		22,000	–	22,000

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 share 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

22. Share-based payments (Continued)

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 period:	Nil (six months ended 30 September 2020: nil)
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 period:	HK\$515,000 (six months ended 30 September 2020: HK\$1,508,000)
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 share 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 Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

23. Contingent liabilities

As at 30 September 2021, the Group and the Company did not have any significant contingent liabilities (31 March 2021: nil).

24. Capital commitments

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

		30 September 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (audited)
	Notes		
Capital contribution to 東英騰華	(a)	108,185	106,484
Capital contribution to OP Fine Billion L.P.	(b)	5,000	5,000
Capital contribution to 昆侖投資基金	(c)	2,400	2,400
Capital contribution to 東創智能	(d)	3,606	3,549
Capital contribution to Hengjiamelian	(e)	506,622	–
		625,813	117,433

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

24. Capital commitments (Continued)

Notes:

- (a) According to “Investment agreement” of 東英騰華, the Group has committed to a capital contribution of RMB90,000,000 (equivalent to HK\$108,185,000 (31 March 2021: HK\$106,484,000)) to 東英騰華. The capital will be drawn down on as-needed basis.
- (b) 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\$5,000,000. The capital will be drawn down on as-needed basis.
- (c) According to “Shareholders’ Agreement” and “Supplementary to Shareholders’ Agreement” signed by the Company and Great Wonderful Limited, a wholly-owned subsidiary of the Company, the Group has committed to a capital contribution of HK\$3,000,000 to 昆侖投資基金. As at 30 September 2021, HK\$600,000 has been invested (31 March 2021: HK\$600,000). The capital will be drawn down on as-needed basis.
- (d) According to “shareholders’ resolution” of 東創智能, the Company has committed to a capital contribution of RMB3,000,000 (equivalent to HK\$3,606,000 (31 March 2021: HK\$3,549,000)) to 東創智能. The capital will be drawn down on as-needed basis.
- (e) According to Hengjiameilian Subscription Agreement of Hengjiameilian, the Group has committed to a capital contribution of HK\$600,000,000 (equivalent to RMB472,035,000). As at 30 September 2021, HK\$93,378,000 (equivalent to RMB77,682,000) (31 March 2021: nil) has been invested. The capital will be drawn down on as-needed basis.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

25. Related party transactions

Transactions and balances with related parties

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

Name of related party	Nature of transactions	Notes	Six months ended 30 September	
			2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Oriental Patron Asia Limited ("OPAL")	Investment management fee	(a)	-	6,900
Oriental Patron Securities Limited ("OPSL")	Securities brokerage fee	(b)	-	206
Finance Center for South-South Cooperation Limited ("FCSSCL")	Service fee	(c)	-	448
Oriental Patron Capital Partners Limited ("OPCPL")	Operating expenses reimbursement	(d)	-	770
Bestone Capital Limited (formerly known as Venture Partners Asset Management Limited) ("BCL")	Investment management fee	(e)	334	-

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

25. Related party transactions (Continued)

Transactions and balances with related parties (Continued)

Name of related party	Nature of balances	Notes	30 September	31 March
			2021	2021
			HK\$'000	HK\$'000
			(unaudited)	(audited)
BCL	Investment management fee payable	(e)	334	–
Rich Fortune Allied Limited (“RFAL”)	Office rent, building management fee and government rates payables	(f)	391	391

Notes:

- (a) OPAL was an investment manager of the Company until 31 March 2021 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 executive directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo had significant influence in OPFSG for the six months ended 30 September 2020. 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 was HK\$1,150,000 per month.

- (b) OPSL was a related company as one of the executive directors, Mr. ZHANG Gaobo had significant influence in OPSL for the six months ended 30 September 2020. Mr. ZHANG Gaobo was resigned as executive director of the Company on 16 December 2020.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

25. Related party transactions (Continued)

Transactions and balances with related parties (Continued)

Notes: (Continued)

- (c) 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 for the six months ended 30 September 2020 as it was owned 50% by one of the executive directors, Mr. ZHANG Zhi Ping. Mr. ZHANG Zhi Ping was resigned as executive director of the Company on 16 December 2020.

The promissory note carried interest at the rate of 5% per annum.

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 interest payables of FCSSCL promissory note.

- (d) 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 executive directors, Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo had significant influence in OPCPL. Mr. ZHANG Zhi Ping and Mr. ZHANG Gaobo were resigned as executive directors of the Company on 16 December 2020.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

25. Related party transactions (Continued)

Compensation of key management personnel

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Salaries and other benefits	580	2,110
Equity-settled share-based payments	–	572
	580	2,682

26. Particulars of major investments held by the Group

Particulars of major investments held by the Group as at 30 September 2021 disclosed as follows:

Name of equity securities	Nature of business	Proportion of investee's capital owned	Cost	Carrying amount	Net asset attributable to the Group	Dividend received/receivable	Percentage of the Group's total assets
			HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	
Investments in associates							
TUWL – ordinary shares	Asset management	25%	351,671	435,137	435,137	–	*7.73%
CSOP – ordinary shares	Asset management	22.50%	60,000	107,282	107,282	–	*1.91%
Investments at fair value through profit or loss							
OPIMH	Asset management	100%	58,000	44,800	44,800	–	0.8%
– non-voting preference shares							
Victorian Investment Limited Partnership	Pharmaceutical and healthcare	46.15%	234,795	130,467	130,467	–	*2.32%
– contribution							
iCarbonX Group Limited	Medical and healthcare	7.73%	1,098,790	1,022,488	1,022,488	–	*18.17%
– ordinary shares							
華建實業投資有限公司	Investment holding	12.50%	370,000	378,725	378,725	–	*6.73%
Dagong Holding Group Co., Limited	Manufacture and service of road construction, maintenance machinery and equipment	19.90%	822,560	799,992	799,992	–	*14.22%
Jiedaobao Limited	Internet-based financial services	1.97%	700,000	741,123	741,123	–	*13.17%

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

26. Particulars of major investments held by the Group (Continued)

Particulars of major investments held by the Group as at 30 September 2021 disclosed as follows: (Continued)

Reference code	Principal activity of borrower	Borrower's purpose of loan	Tenure	Cost	Carrying amount	Net asset attributable to the Group	Total interest for the period	Interest detail	Percentage of the Group's total assets
				HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)		
Debenture D	Private equity investments	Private equity investments	5 years	317,150	292,473	292,473	12,721	8% per annum, pay at maturity	*5.20%
Debenture I	Private equity investments	Private equity investments	1 year	192,328	177,363	177,363	1,168	8% per annum, pay at maturity	*3.15%
Debenture J	Private equity investments	Private equity investments	1 year	189,804	175,035	175,035	1,146	8% per annum, pay at maturity	*3.11%

Represents ten largest investments as at 30 September 2021.

27. Events after the reporting period

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company on 15 October 2021, the authorised share capital of the Company was increased from HK\$400,000,000 divided into 4,000,000,000 shares of HK\$0.10 each to HK\$2,000,000,000 divided into 20,000,000,000 shares by the creation of an additional 16,000,000,000 shares.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

27. Events after the reporting period (Continued)

On 25 November 2021, the Company issued and allotted 580,188,000 ordinary new shares at a subscription price of HK\$0.62 per share for a total cash consideration of HK\$359.71 million pursuant to the subscription agreements entered into with seven subscribers (the “October 2021 Subscription”). It has been the investment policy of the Company to invest in companies with high-growth potential in order to create value for shareholders. In a versatile market, it is important that the Group has readily available funds to capture fleeting opportunities for premium investments. The Directors considered that it was in the interests of the Company to raise capital by way of equity financing in order to maintain the cash flow position of the Group for capturing suitable investment opportunities in a timely manner. The October 2021 Subscription will also enhance the capital and shareholders’ base of the Company for long-term development and further strengthen its financial position. The net proceeds, after deduction of all relevant expenses incidental to the October 2021 Subscription, were approximately HK\$359 million. The net proceeds from the October 2021 Subscription will be used for future investment pursuant to the investment objectives of the Company. The Company will disclose the use of proceeds from the October 2021 Subscription in the annual report for the year ending 31 March 2022.

28. Approval of the condensed consolidated financial statements

The condensed consolidated financial statements were approved and authorised for issue by the Board on 26 November 2021.