

G.N. 3808

SECURITIES AND FUTURES ORDINANCE (Chapter 571)

Pursuant to section 88(4) of the Securities and Futures Ordinance, the audited financial statements of the Investor Compensation Company Limited for the financial year ended 31 March 2023 are set out on pages 16335 to 16349.

Dr LIN James C
Chairman
Investor Compensation Company Limited

INVESTOR COMPENSATION COMPANY LIMITED DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the year ended 31 March 2023.

Principal place of business

Investor Compensation Company Limited (the Company) is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 54/F, One Island East, 18 Westlands Road, Quarry Bay, Hong Kong.

Principal activities

The Securities and Futures Ordinance provides for the establishment of the Investor Compensation Fund (the Fund). The Securities and Futures Commission has recognised the Company to facilitate the administration and management of the Fund.

Financial statements

The financial performance of the Company for the year ended 31 March 2023 and the financial position of the Company as at that date are set out in the financial statements on pages 16339 to 16349.

Share capital

Details of share capital of the Company are set out in note 11 to the financial statements. There were no movements during the year.

Directors

The directors during the year and up to the date of this report were:

Dr Lin James C (Chairman)

Mr Leung Chung Yin Rico

Mr Wan Chi Yiu Andrew

Ms Mukadam Thrity Homi

Mr Ang Cheung Yick Steve

Indemnity of directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout the year.

Directors' interests in transactions, arrangements or contracts

Except for a contract of employment with Mr Ang Cheung Yick Steve, no transaction, arrangement or contract of significance to which the Company, or any of its holding company or fellow subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

Auditors

PricewaterhouseCoopers (PwC) retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PwC as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

9 May 2023

On behalf of the Board
Dr Lin James C
Chairman

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF INVESTOR COMPENSATION COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The financial statements of Investor Compensation Company Limited (the Company), which are set out on pages 16339 to 16349, comprise:

- the statement of financial position as at 31 March 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (HKFRSs) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (HKSAs) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern

and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

9 May 2023

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

INVESTOR COMPENSATION COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023
(Expressed in Hong Kong dollars)

	Note	2023 \$	2022 \$
Income			
Recoveries from the Investor Compensation Fund	2(c)	6,237,773	5,668,110
Expenses			
Premises expenses	10	511,200	511,200
Staff costs	4	4,872,663	4,310,244
Other expenses	5	831,640	824,698
Depreciation			
Fixed assets	6	3,910	3,608
Right-of-use asset	10	18,360	18,360
		6,237,773	5,668,110
Result for the year before taxation			
Taxation	3	-	-
Result and total comprehensive income for the year			
		-	-

The notes on pages 16343 to 16349 form part of these financial statements.

INVESTOR COMPENSATION COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

(Expressed in Hong Kong dollars)

	Note	2023 \$	2022 \$
Non-current assets			
Fixed assets	6	9,456	13,366
Right-of-use asset	10	41,310	59,670
		50,766	73,036
Current assets			
Prepayments	7	167,395	80,991
Amount due from the Investor Compensation Fund	8	207,603	-
Cash at bank and in hand		5,382	66,788
		380,380	147,779
Current liabilities			
Accrued charges	9	388,305	55,355
Amount due to the Investor Compensation Fund	8	-	105,789
Lease liability	10	19,890	18,360
		408,195	179,504
Net current liabilities		(27,815)	(31,725)
Total assets less current liabilities		22,951	41,311
Non-current liability			
Lease liability	10	22,950	41,310
Net assets		1	1
Capital and reserves			
Share capital	11	1	1

Approved and authorised for issue by the board of directors on 9 May 2023 and signed on its behalf by

Leung Chung Yin Rico
 Director

Ang Cheung Yick Steve
 Director

The notes on pages 16343 to 16349 form part of these financial statements.

INVESTOR COMPENSATION COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

(Expressed in Hong Kong dollars)

	Share capital \$	Retained profits \$	Total \$
Balance at 1 April 2021	1	-	1
Result and total comprehensive income for the year	-	-	-
Balance at 31 March 2022	1	-	1
Balance at 1 April 2022	1	-	1
Result and total comprehensive income for the year	-	-	-
Balance at 31 March 2023	1	-	1

The notes on pages 16343 to 16349 form part of these financial statements.

INVESTOR COMPENSATION COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023
(Expressed in Hong Kong dollars)

	2023 \$	2022 \$
Cash flows from operating activities		
Result for the year	-	-
Adjustments for:		
Depreciation - Fixed assets	3,910	3,608
Depreciation - Right-of-use asset	<u>18,360</u>	<u>18,360</u>
	22,270	21,968
(Increase)/Decrease in prepayments	(86,404)	149,497
Increase/(Decrease) in accrued charges	332,950	(44,607)
Change in amount due from/to the Investor Compensation Fund	<u>(313,392)</u>	<u>(136,249)</u>
Net cash used in operating activities	<u>(44,576)</u>	<u>(9,391)</u>
Cash flows from investing activities		
Fixed assets purchased	-	(1,550)
Net cash used in investing activities	<u>-</u>	<u>(1,550)</u>
Cash flows from financing activities		
Lease payments	<u>(16,830)</u>	<u>(18,360)</u>
Net cash used in financing activities	<u>(16,830)</u>	<u>(18,360)</u>
Net decrease in cash and cash equivalents	(61,406)	(29,301)
Cash and cash equivalents at the beginning of the year	<u>66,788</u>	<u>96,089</u>
Cash and cash equivalents at the end of the year	<u>5,382</u>	<u>66,788</u>
Analysis of the balance of cash and cash equivalents		
	2023 \$	2022 \$
Cash at bank and in hand	<u>5,382</u>	<u>66,788</u>

The notes on pages 16343 to 16349 form part of these financial statements.

INVESTOR COMPENSATION COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Expressed in Hong Kong dollars)

1. Status and principal activities

The Securities and Futures Ordinance provides for the establishment of the Investor Compensation Fund (the Fund). The Securities and Futures Commission (SFC) has recognised the Investor Compensation Company Limited (the Company) to facilitate the administration and management of the Fund.

2. Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs), a collective term which includes all applicable individual HKFRSs, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (the Companies Ordinance). Significant accounting policies adopted by the Company are set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. None of these developments have a material effect on how the Company's results and financial position for the current or prior periods are prepared or presented. We have not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) Basis of preparation

We prepare these financial statements on a going concern basis notwithstanding that the stated current liabilities are in excess of the stated current assets at 31 March 2023. The Fund has given an undertaking to continue to provide such financial assistance as is necessary to maintain the Company as a going concern.

We have prepared these financial statements using the historical cost as the measurement basis.

We prepare the financial statements in conformity with HKFRSs which require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. We make estimates and associated assumptions based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We review the estimates and underlying assumptions on an ongoing basis. We recognise revisions to accounting estimates in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Recoveries from the Investor Compensation Fund

The Company's income is reimbursement from the Fund for expenditure incurred. We recognise recoveries from the Fund on an accrual basis.

(d) Employee benefits

We make accruals for salaries and allowances, annual leave and contributions to defined contribution schemes in the year in which the associated services are rendered by employees.

(e) *Fixed assets and depreciation*

We state fixed assets at historical cost less accumulated depreciation and any impairment losses (see note 2(k)). Historical cost includes expenditure that is directly attributable to the acquisition of the items. We charge depreciation to the statement of profit or loss and other comprehensive income using the straight-line method over the estimated useful lives from the point at which the asset is ready for use as follows:

Furniture and fixtures	5 years
Office equipment	5 years
Personal computers and software	3 years

We capitalise subsequent expenditure only when it increases the future economic benefits embodied in the fixed assets. We recognise all other expenditure in the statement of profit or loss and other comprehensive income as an expense as incurred.

We recognise gains or losses arising from the retirement or disposal of an item of fixed assets, being the difference between the net disposal proceeds and the carrying amount of the item, in the statement of profit or loss and other comprehensive income on the date of retirement or disposal.

We review the assets' residual values and useful lives and adjust, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(f) *Leases*

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Lease liabilities included fixed lease payments less any lease incentives receivable, variable lease payment based on an index or a rate, amounts expected to be payable under residual value guarantees and payments of penalties for terminating the lease. The lease liabilities are initially measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate at the lease commencement date. The lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss using the incremental borrowing rate on the remaining balance of the lease liabilities for each period. The lease liabilities are reduced by an amount equal to the lease payments made less the finance costs charged for that period.

The right-of-use assets are measured at the amount equal to the initial measurement of the lease liability, adjusted for any prepaid lease payments, lease incentives received, any initial direct costs or reinstatement provisions relating to that lease. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(g) *Related parties*

For the purposes of these financial statements, we consider that the following are related parties of the Company:

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(h) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and in hand.

(i) *Financial assets*

We state financial assets (including cash at bank and amount due from the Investor Compensation Fund) initially at their fair value and thereafter at amortised cost less impairment losses.

We assess on a forward looking basis the expected credit losses (ECL) associated with our financial assets carried at amortised cost. We perform impairment assessment using 12-month ECL, unless there has been a significant increase in credit risk by comparing the risk of a default as at the reporting date and the initial recognition date.

(j) *Accrued charges*

We state accrued charges initially at fair value and thereafter at amortised cost unless the effect of discounting would be immaterial, in which case we state them at cost.

(k) *Impairment of non-financial assets*

We review the carrying amounts of the Company's assets at the end of each reporting period to determine whether there is any objective evidence of impairment. If any such evidence exists, we estimate the asset's recoverable amount, which is the higher of its net selling price and value in use. We recognise in the statement of profit or loss and other comprehensive income the difference between the asset's carrying amount and the recoverable amount as an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount.

We reverse an impairment loss in respect of an asset in a subsequent period if the circumstances and events that are objectively linked to the write down or write-off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future. We reverse an impairment loss only to the extent that the asset's carrying amount does not exceed the carrying amount that we should have determined, net of depreciation and amortisation, if we had not recognised any impairment loss.

3. *Taxation*

- (a) No provision for Hong Kong profits tax has been made as the Company did not have any taxable profit.
- (b) There is no deferred tax liability or unrecognised deferred tax assets.

4. *Staff costs*

	2023	2022
	\$	\$
Salaries and other benefits	4,605,123	4,055,837
Retirement scheme contributions	<u>267,540</u>	<u>254,407</u>
	<u><u>4,872,663</u></u>	<u><u>4,310,244</u></u>

Directors' emoluments disclosed pursuant to section 383(1) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are as follows:

	2023	2022
	\$	\$
Directors' fee	-	-
Salaries, allowances and benefits in kind	1,834,440	1,752,660
Discretionary pay	336,430	307,970
Retirement scheme contributions	<u>183,444</u>	<u>175,266</u>
	<u><u>2,354,314</u></u>	<u><u>2,235,896</u></u>

Directors' emoluments are for services in connection with management of the affairs of the Company.

5. *Other expenses*

	2023	2022
	\$	\$
Auditor's remuneration	120,000	138,121
General office and insurance	174,111	153,121
Information and systems services	142,873	143,833
Professional and other services	<u>394,656</u>	<u>389,623</u>
	<u><u>831,640</u></u>	<u><u>824,698</u></u>

6. Fixed assets

	Office equipment \$	Personal computers and software \$	Furniture and fixtures \$	Total \$
Cost				
At 1 April 2022 and 31 March 2023	17,670	59,050	1,980	78,700
Accumulated depreciation				
At 1 April 2022	5,639	57,715	1,980	65,334
Charge for the year	3,393	517	-	3,910
At 31 March 2023	9,032	58,232	1,980	69,244
Net book value				
At 31 March 2023	8,638	818	-	9,456
Cost				
At 1 April 2021	17,670	57,500	1,980	77,150
Addition	-	1,550	-	1,550
At 31 March 2022	17,670	59,050	1,980	78,700
Accumulated depreciation				
At 1 April 2021	2,246	57,500	1,980	61,726
Charge for the year	3,393	215	-	3,608
At 31 March 2022	5,639	57,715	1,980	65,334
Net book value				
At 31 March 2022	12,031	1,335	-	13,366

7. Prepayments

Prepayments are expected to be recovered within one year from the reporting date.

8. Amount due from/to the Investor Compensation Fund

Amount due from/to the Fund represents funds receivable/transferred from the Fund to support the Company's operation. The balance is unsecured, non-interest bearing and with no fixed repayment term. Due to the short-term nature of the balance, the carrying amount is considered to be the same as its fair value.

9. Accrued charges

Accrued charges are expected to be settled within three months or on demand. Due to the short-term nature of the balance, the carrying amount is considered to be the same as its fair value.

10. Leases

As at 31 March 2023, the Company had right-of-use asset and lease liability as follows:

	2023 \$	2022 \$
Right-of-use asset – office equipment	41,310	<u>59,670</u>
Lease liability		
Current	19,890	18,360
Non-current	22,950	41,310
	<u>42,840</u>	<u>59,670</u>

- (i) There was no addition of lease and right-of-use asset for the years ended 31 March 2023 and 2022.
- (ii) For the year ended 31 March 2023, the depreciation expense for the right-of-use asset for office equipment was \$18,360 (2022: \$18,360) and total cash outflow for the lease was \$16,830 (2022: \$18,360).
- (iii) For the year ended 31 March 2023, the expense relating to a short-term lease was \$511,200 (2022: \$511,200) which was shown as premises expenses in the statement of profit or loss and other comprehensive income.
- (iv) The remaining contractual maturities of the Company's lease liability as at 31 March 2023 and 2022 are as follow:

	Contractual undiscounted cash flows				
	Carrying amount \$	Total \$	Within one year \$	After one year but within two years \$	After two years but within five years \$
<u>2023</u>					
Lease liability	42,840	42,840	19,890	18,360	4,590
<u>2022</u>					
Lease liability	59,670	59,670	18,360	18,360	22,950

11. Share capital

	2023 \$	2022 \$
Ordinary shares, issued and fully paid: 2 ordinary shares	0.20	<u>0.20</u>

In the statement of financial position, share capital is rounded up to \$1.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The Company has no formal capital management policies and processes in place as its business scope is determined by the applicable regulation governing the ultimate controlling party. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Company defines 'capital' as including all components of equity. The Company was not subject to externally imposed capital requirements in either the current or prior year.

12. Related party transactions

The Company has related party relationships with the SFC, the ultimate holding entity and the Fund. In addition to the related parties relationship disclosed in elsewhere in these financial statements, the Company has the following related party transactions.

During the year, the Company paid \$511,200 (2022: \$511,200) premises expenses, \$165,600 (2022: \$165,600) accountancy and office administration support fee, \$43,200 (2022: \$43,200) human resources management fees and \$48,000 (2022: \$48,000) website hosting and maintenance fees to the SFC. Further, certain expenses amounting to \$45,608 (2022: \$42,528) were paid by the SFC on behalf of the Company. The Company has reimbursed the SFC for these expenses as it has received the corresponding reimbursement from the Fund.

The Company settled certain expenses of \$20,085 on behalf of the SFC during the year (2022: \$19,533). The amount has been fully reimbursed by the SFC as at 31 March 2023 and 2022.

All members of key management personnel are directors of the Company, and their remuneration is disclosed in note 4.

13. Financial risk management

Exposure to credit and liquidity risks arises in the normal course of the Company's business. The Company is not exposed to any foreign exchange risk as all transactions and balances are denominated in Hong Kong dollars. The Company has no interest bearing assets or liabilities. The Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The risks associated and the management policies remain unchanged from prior year.

The Company's credit risk is primarily attributable to cash at bank. As at 31 March 2023 and 2022, the bank balances are placed with licensed banks in Hong Kong rated P-1 by Moody's or A-1 or above by Standard and Poor's. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. In this regard, the Company's credit risk is limited.

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

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2023 and 2022.

14. Parent and ultimate controlling party

As at 31 March 2023 and 2022, the parent and ultimate controlling party of the Company is the SFC, which is a statutory body in Hong Kong and produces financial statements available for public use.

15. Funding management

The funding of the Company is managed by the Fund which has agreed to reimburse the actual expenditure incurred by the Company.