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**CAPITAL  
VC LIMITED**

首都創投有限公司

**Capital VC Limited**  
**首都創投有限公司**

*(Incorporated in the Cayman Islands with limited liability  
and carrying on business in Hong Kong as CNI VC Limited)*  
(Stock Code: 02324)

**RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

The board (the “Board”) of directors (the “Directors”) of Capital VC Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 30 September 2021 together with the comparative figures in the year ended 30 September 2020 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 30 September 2021*

	<i>Notes</i>	<b>2021</b> <b>HK\$</b>	2020 <b>HK\$</b>
Turnover	3,4	<b>76,705,162</b>	(52,399,474)
Other income, net		<b>6,736,988</b>	8,626,352
Administrative expenses		<b>(11,589,451)</b>	(16,868,968)
Expected credit loss on financial assets at amortised cost, net of reversal		<b>(4,785,190)</b>	(20,150,585)
Expected credit loss on deposits and other receivables, net of reversal		<b>126,823</b>	(20,513,913)
Share-based payment expenses		<b>(2,802,996)</b>	(2,106,500)
Operating gain (loss)		<b>64,391,336</b>	(103,413,088)
Finance costs		<b>(1,667,104)</b>	(2,069,867)
<b>Profit (loss) before tax</b>	5	<b>62,724,232</b>	(105,482,955)
Income tax expenses	6	—	—
<b>Profit (loss) for the year</b>		<b>62,724,232</b>	(105,482,955)

	<i>Notes</i>	<b>2021</b> <b><i>HK\$</i></b>	2020 <i>HK\$</i>
<b>Profit (loss) and total comprehensive income (expense) for the year attributable to equity holders of the Company</b>		<b><u>62,724,232</u></b>	<b><u>(105,482,955)</u></b>
Dividend	7	<u>–</u>	<u>–</u>
<b>Earnings (loss) per share</b>	8		
Basic earnings (loss) per share		<b><u>0.18</u></b>	<b><u>(0.38)</u></b>
Diluted earnings (loss) per share		<b><u>0.17</u></b>	<b><u>(0.38)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	<i>Notes</i>	<b>2021</b> <b>HK\$</b>	2020 <b>HK\$</b>
<b>Non-current assets</b>			
Plant and equipment	<i>9</i>	–	–
Financial assets at fair value through profit or loss	<i>11</i>	<b>8,069,180</b>	6,026,320
Investments in financial assets at amortised cost	<i>12</i>	<b>151,275,464</b>	93,661,595
		<u><b>159,344,644</b></u>	<u>99,687,915</u>
<b>Current assets</b>			
Prepayments, deposits and other receivables	<i>10</i>	<b>72,818,023</b>	164,559,584
Financial assets at fair value through profit or loss	<i>11</i>	<b>263,876,612</b>	182,467,741
Investments in financial assets at amortised cost	<i>12</i>	<b>46,364,972</b>	26,225,183
Cash and cash equivalents		<b>11,912,344</b>	16,843,374
		<u><b>394,971,951</b></u>	<u>390,095,882</u>
<b>Current liabilities</b>			
Other payables and accruals	<i>13</i>	<b>28,101,966</b>	28,209,089
<b>Net current assets</b>			
		<u><b>366,869,985</b></u>	<u>361,886,793</u>
<b>Total assets less current liabilities</b>			
		<u><b>526,214,629</b></u>	<u>461,574,708</u>
<b>Non-current liabilities</b>			
Convertible bonds		–	12,782,343
Deferred tax liability		–	121,646
		<u>–</u>	<u>12,903,989</u>
<b>Net assets</b>			
		<u><b>526,214,629</b></u>	<u>448,670,719</u>
<b>Capital and reserves</b>			
Share capital		<b>85,809,562</b>	68,872,062
Reserves		<b>440,405,067</b>	379,798,657
<b>Total equity attributable to equity holders of the Company</b>			
		<u><b>526,214,629</b></u>	<u>448,670,719</u>
Net asset value per share	<i>14</i>	<u><b>1.53</b></u>	<u>1.63</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2021

### 1. GENERAL INFORMATION

Capital VC Limited (the “**Company**”) is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Room 2302, 23rd Floor, New World Tower I, 18 Queen’s Road Central, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company and its subsidiaries (collectively referred to as the “**Group**”).

The principal activities of the Group are engaged in investing in listed and unlisted companies mainly in Hong Kong and the People’s Republic of China (“**the PRC**”).

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

#### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 October 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRs 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Groups’ financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### *Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material*

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

## New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 <sup>4</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2021.

The directors anticipate that the application of above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. TURNOVER

The amount of each significant category of turnover and timing of revenue recognitions are as follows:

	<b>2021</b>	2020
	<b>HK\$</b>	HK\$
Net realised gain (loss) on financial assets at fair value through profit or loss ("FVTPL")	<b>9,481,598</b>	(23,594,852)
Net unrealised gain (loss) on financial assets at FVTPL	<b>45,741,795</b>	(46,341,135)
Dividend income from investments in listed securities	<b>172,281</b>	180,107
Bank and bond interest income	<b>21,309,488</b>	17,233,277
Gain on disposal of investments in financial assets at amortised cost	–	123,129
	<u><b>76,705,162</b></u>	<u>(52,399,474)</u>

### 4. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular reports reviewed by the chief operating decision maker for decisions about resources allocated to the Group's business components and for the review of the performance of those components.

The principal activities of the Group are investments in listed and unlisted companies. The Group has identified the operating and reportable segments in the current year as follows:

- (i) Investments in listed securities and unlisted bonds
- (ii) Investment in unlisted securities

For the profit and loss, except for revenue, other income and finance costs, others are not allocated to segment.

Plant and equipment, tax recoverable, certain amount of accruals and certain amount of prepayments, deposits and other receivables and cash and cash equivalents, were not allocated to segment.

## Segment revenue and results

For the year ended 30 September 2021

	Investment in listed securities and unlisted bonds <i>HK\$</i>	Investment in unlisted securities <i>HK\$</i>	Unallocated <i>HK\$</i>	Total <i>HK\$</i>
<b>Segment revenue</b>	<b>74,660,481</b>	<b>2,042,860</b>	<b>1,821</b>	<b>76,705,162</b>
Expected credit loss on financial assets at amortised cost, net of reversal	(4,785,190)	–	–	(4,785,190)
Expected credit loss on deposits and other receivables, net of reversal	1,302,003	(1,352,776)	177,596	126,823
Administrative expenses	–	–	(11,589,451)	(11,589,451)
Segment result	71,177,294	690,084	(11,410,034)	60,457,344
Other income	–	6,410,249	326,739	6,736,988
Share-based payment expenses	–	–	(2,802,996)	(2,802,996)
Finance costs	(1,667,104)	–	–	(1,667,104)
Profit before tax	69,510,190	7,100,333	(13,886,291)	62,724,232
Income tax expenses	–	–	–	–
Profit for the year	<b>69,510,190</b>	<b>7,100,333</b>	<b>(13,886,291)</b>	<b>62,724,232</b>
Segment assets	519,144,070	22,396,151	12,776,374	554,316,595
Segment liabilities	23,901,000	–	4,200,966	28,101,966
<b>Other segment information</b>				
Net realised profit on financial assets at FVTPL	9,481,598	–	–	9,481,598
Net unrealised gain on financial assets at FVTPL	43,698,935	2,042,860	–	45,741,795
Interest income	21,309,488	6,410,249	–	27,719,737
Gain on disposal of plant and equipment	–	–	240,000	240,000
Expected credit losses on deposits and other receivables, net of reversal	1,302,003	(1,352,776)	177,596	126,823
Expected credit losses on investments in financial assets at amortised costs, net of reversal	(4,785,190)	–	–	(4,785,190)

For the year ended 30 September 2020

	Investment in listed securities and unlisted bonds <i>HK\$</i>	Investment in unlisted securities <i>HK\$</i>	Unallocated <i>HK\$</i>	Total <i>HK\$</i>
<b>Segment revenue</b>	(43,657,691)	(8,742,000)	217	(52,399,474)
Expected credit loss on financial assets at amortised cost, net of reversal	(20,150,585)	–	–	(20,150,585)
Expected credit loss on deposits and other receivables, net of reversal	(1,302,003)	(19,028,703)	(183,207)	(20,513,913)
Administrative expenses	–	–	(16,868,968)	(16,868,968)
Segment result	(65,110,279)	(27,770,703)	(17,051,958)	(109,932,940)
Other income	–	4,952,496	3,673,856	8,626,352
Share-based payment expenses	–	–	(2,106,500)	(2,106,500)
Finance costs	(2,039,024)	–	(30,843)	(2,069,867)
Loss before tax	(67,149,303)	(22,818,207)	(15,515,445)	(105,482,955)
Income tax expenses	–	–	–	–
Loss for the year	<u>(67,149,303)</u>	<u>(22,818,207)</u>	<u>(15,515,445)</u>	<u>(105,482,955)</u>
Segment assets	371,140,544	97,621,408	21,021,845	489,783,797
Segment liabilities	<u>23,710,871</u>	<u>–</u>	<u>17,402,207</u>	<u>41,113,078</u>
<b>Other segment information</b>				
Net realised loss on financial assets at FVTPL	(23,594,852)	–	–	(23,594,852)
Net unrealised loss on financial assets at FVTPL	(46,341,135)	–	–	(46,341,135)
Interest income	17,233,277	–	4,952,496	22,185,773
Depreciation of plant and equipment	–	–	26,100	26,100
Gain on disposal of plant and equipment	–	–	3,000,000	3,000,000
Expected credit losses on deposits and other receivables, net of reversal	(1,302,003)	(19,028,703)	(183,207)	(20,513,913)
Expected credit losses on investments in financial assets at amortised costs, net of reversal	<u>(20,150,585)</u>	<u>–</u>	<u>–</u>	<u>(20,150,585)</u>

The Group's operations and specified non-current assets are located in Hong Kong.

Given that the nature of the Group's operation is investment in listed and unlisted companies, there was no information regarding major customers as determined by the Group.

## 5. PROFIT (LOSS) BEFORE TAX

The Group's profit (loss) before tax has been arrived at after charging:

	<b>2021</b>	2020
	<b>HK\$</b>	HK\$
Directors' emoluments	<b>2,164,098</b>	1,910,500
Staff costs		
– Salaries, allowances and other benefits	<b>2,937,904</b>	2,884,817
– MPF Scheme contributions	<b>80,568</b>	74,300
– Share-based payment expenses	<b>2,018,898</b>	1,584,000
	<hr/>	<hr/>
Total staff costs (including Directors' emoluments)	<b>7,201,468</b>	6,453,617
	<hr/>	<hr/>
Auditor's remuneration	<b>500,000</b>	450,000
Depreciation for plant and equipment	–	26,100
Operating lease rentals	<b>145,200</b>	145,200
Donation	<b>292,600</b>	819,800
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## 6. INCOME TAX EXPENSES

No provision for Hong Kong Profits Tax is made for the year ended 30 September 2021 as the assessable profits are wholly absorbed by tax losses bought forward from prior years.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for the year ended 30 September 2020.

## 7. DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 30 September 2021 (2020: Nil).

## 8. EARNINGS (LOSS) PER SHARE

On 14 July 2020, the Company implemented a share consolidation on the basis that every ten (10) issued and unissued existing shares were consolidated into one (1) consolidated share. The calculation of basic and diluted earnings (loss) per share for all period presented was adjusted retrospectively to reflect the effect of this share consolidation.

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	<b>2021</b>	2020
	<b>HK\$</b>	HK\$
Earnings (loss):		
Earnings (loss) for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	<b>62,724,232</b>	(105,482,955)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	<b>341,467,016</b>	275,448,429
Effect of dilutive potential ordinary shares:		
Share options	<b>28,520,465</b>	N/A*
Convertible bonds	—	N/A*
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<b><u>369,987,481</u></b>	<u>275,448,429</u>

\* The Company had no potentially dilutive ordinary shares in year ended 30 September 2020, as the share options and convertible bonds outstanding during the year ended 30 September 2020 were anti-dilutive.

## 9. PLANT AND EQUIPMENT

During the year ended 30 September 2020, the Group disposed of a vessel at consideration of HK\$3,000,000. The carrying amount of the vessel upon disposal was fully depreciated. During the year ended 30 September 2021, the Group disposed of two motor vehicles at consideration of HK\$240,000 in aggregate. The carrying amounts of those motor vehicles upon disposal were fully depreciated. Save as the above, no additional plant and machinery was acquired or disposed of during the year ended 30 September 2020 and 2021.

## 10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<i>Notes</i>	<b>2021</b> <b>HK\$</b>	2020 <i>HK\$</i>
Prepayments, deposits and other receivables		<b>864,030</b>	8,996,328
Margin receivables	<i>(a)</i>	<b>584,907</b>	6,935,304
Prepayment on subscription of new bonds	<i>(b)</i>	–	57,032,864
Amounts receivable on disposal of investments	<i>(c)</i>	<b>71,369,086</b>	91,595,088
		<b>72,818,023</b>	164,559,584

The carrying amounts of prepayments, deposits and other receivables at the end of the reporting period approximated their fair values.

### *Notes:*

- (a) Margin receivables are generated from investment in financial assets at FVTPL, with interest rates ranged from 0.001% to 0.05% (2020: 0.001% to 0.05%) per annum for the year.
- (b) Upon the maturity of bonds issued by Gold Medal Hong Kong Limited (“Gold Medal”) on 11 September 2020, the Company entered into a memorandum of understanding (“MOU”) to consider the subscription (the “New Subscription”) of new bonds of Gold Medal. As agreed by both parties, the outstanding principal and interests amount from the aforesaid matured bonds were treated as prepayment for the New Subscription. This prepayment was refundable, unsecured, interest-bearing at 8% per annum and repayable, fully or partially, at the issuance of the new bonds of Gold Medal within two months from the date of the MOU. The amount of prepayment was subsequently settled within the agreed terms of the MOU.
- (c) The balance is represented by receivables from the purchasers of:

	<b>2021</b> <b>HK\$</b>	2020 <i>HK\$</i>
Starfame Investments Limited	<b>5,816,379</b>	7,367,012
Uni-Venture International Investment Limited	<b>8,510,591</b>	16,212,292
34% equity interest of Kendervon Profits Inc.	–	1,496,978
66% equity interest of Kendervon Profits Inc.	<b>57,042,116</b>	62,463,198
Others	–	4,055,608
	<b>71,369,086</b>	91,595,088

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL as at 30 September comprise:

	<i>Note</i>	<b>2021</b> <b>HK\$</b>	2020 <i>HK\$</i>
Fair value:			
Convertible bonds derivative		–	4,398,568
Unlisted securities		<b>8,069,180</b>	6,026,320
Listed securities held for trading			
– listed in Hong Kong other than suspended stocks		<b>263,876,612</b>	178,069,173
– suspended stocks listed in Hong Kong	<i>(a)</i>	–	–
		<u><b>271,945,792</b></u>	<u>188,494,061</u>
Analysed as:			
Current assets		<b>263,876,612</b>	182,467,741
Non-current assets		<b>8,069,180</b>	6,026,320
		<u><b>271,945,792</b></u>	<u>188,494,061</u>

*Note:*

- (a) The amount of suspended stocks represented the shares are uncertain to resume trading in foreseeable future.

The fair values of the Group's unlisted bonds issued in Hong Kong were measured using valuation techniques in which some significant inputs are not based on observable market data.

## 12. INVESTMENTS IN FINANCIAL ASSETS AT AMORTISED COST

	<b>2021</b> <b>HK\$</b>	2020 <i>HK\$</i>
Investments in financial assets at amortised cost	<b>186,502,970</b>	119,886,778
Fair value adjustment at inception	<b>11,137,466</b>	–
Less: Non-current assets	<b>(151,275,464)</b>	(93,661,595)
	<u><b>46,364,972</b></u>	<u>26,225,183</u>

Particulars of the principal unlisted bonds held as at 30 September 2021 and 2020, are as follows:

Name	Place of incorporation	Acquisition cost HK\$	Fair value adjustment at inception HK\$	Interest HK\$	Expected credit loss HK\$	Carrying amount HK\$	Fair value HK\$	Percentage of fair value of significant investments to the Group's investment portfolio	Percentage of fair value of significant investments to the Group's total assets	Terms	Coupon rate p.a.
Gold Medal Hong Kong Limited – 2021	Hong Kong	20,000,000	–	1,558,333	(2,843,194)	18,715,139	19,679,432	6%	4%	From 28 October 2019 to 27 October 2022	8.5%
– 2020		20,000,000	–	1,558,333	(6,458,333)	15,100,000	15,100,000	7%	3%		
Gold Medal Hong Kong Limited – 2021	Hong Kong	42,000,000	(7,021,948)	4,078,794	(5,945,320)	33,111,526	40,339,393	13%	7%	From 31 October 2020 to 30 October 2025	8%
Hao Wen Holdings Limited – 2021	Cayman Islands	42,500,000	(2,587,472)	4,654,124	(6,170,236)	38,396,416	45,938,157	14%	8%	From 1 November 2020 to 31 October 2025	11%
– 2020		30,000,000	–	2,332,000	(6,106,817)	26,225,183	31,200,000	15%	6%	From 12 January 2018 to 11 January 2021	11%
AMCO United Holding Limited – 2021	Bermuda	30,000,000	–	2,905,479	(4,339,698)	28,565,781	32,083,160	10%	6%	From 12 October 2018 to 12 January 2022	10%
– 2020		30,000,000	–	2,905,479	(6,215,134)	26,690,344	28,900,000	13%	6%		
Profit Big Enterprises Limited (formerly known as VIP credit Limited) – 2021	Hong Kong	25,000,000	–	1,500,003	(8,700,812)	17,799,191	25,693,665	8%	5%	From 3 January 2019 to 2 January 2022	8%
– 2020		25,000,000	–	1,500,003	(5,005,279)	21,939,724	23,800,000	11%	5%		
China e-Wallet Payment Group Limited – 2021	Bermuda	20,000,000	(1,528,046)	1,637,930	(2,830,537)	17,279,347	20,897,318	6%	4%	From 8 January 2021 to 7 January 2026	10%
Sincere Smart International Limited – 2021	British Virgin Islands	18,000,000	–	1,573,548	(2,581,433)	16,992,115	18,229,923	6%	3%	From 8 January 2020 to 7 January 2023	12%
– 2020		18,000,000	–	1,573,538	(3,697,201)	15,876,527	15,900,000	7%	3%		
Luxxu Group Limited – 2021	Cayman Islands	17,000,000	–	1,020,000	(2,376,545)	15,643,455	16,740,578	5%	3%	From 31 January 2020 to 30 January 2023	9%
– 2020		17,000,000	–	1,020,000	(3,520,000)	14,500,000	14,500,000	7%	3%		

### 13. OTHER PAYABLES AND ACCRUALS

	<b>2021</b>	<b>2020</b>
	<b>HK\$</b>	<b>HK\$</b>
Margin payables	<b>23,900,997</b>	23,710,871
Accruals	<b>4,200,969</b>	4,498,218
	<b><u>28,101,966</u></b>	<b><u>28,209,089</u></b>

Margin payables bear interest rates ranged from 8% to 8.25% (2020: 8% to 10%) per annum for the year. The margin payables are secured by financial assets at FVTPL, repayable on demand and are guaranteed by the Company on behalf of a subsidiary.

### 14. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net asset value of the Group as at 30 September 2021 of HK\$526,214,629 (2020: HK\$448,670,719) and on the number of 343,238,249 ordinary shares of HK\$0.25 each in issue as at 30 September 2021 (2020: 275,488,249 ordinary shares of HK\$0.25 each).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For the year ended 30 September 2021 (the “Year”), the Group reported a turnover of approximately HK\$76.7 million (Year ended 30 September 2020 (“Year 2020”): negative HK\$52.4 million) and net profit attributable to equity holders of the Company of approximately HK\$62.7 million (Year 2020: net loss HK\$105.5 million).

During the Fiscal Year 2020/21, the Group’s performance of listed investments changed from loss of HK\$61.0 million in Year 2020 to gain of HK\$53.4 million in the Year. The gain on listed investments for the Year of approximately HK\$53.4 million represented net realised gain of approximately HK\$9.5 million, net unrealised gain of approximately HK\$43.7 million, and dividend income of approximately HK\$0.2 million. Set out below are further information of these net realised and unrealised losses:

### NET REALISED GAIN

Company name	Stock code	Investment costs <i>HK\$’ million</i>	Disposal consideration <i>HK\$’ million</i>	Unrealised loss/(gain) recognised in prior years <i>HK\$’ million</i>	Net realised gain/(loss) <i>HK\$’ million</i>
Shineroad International Holdings Limited	1587	9.2	10.9	3.0	4.7
Prosperous Printing Company Limited	8385	1.5	4.3	–	2.8
Shun Wo Group Holdings Limited	1591	5.8	4.0	4.4	2.6
Fire Rock Holdings Limited	1909	8.4	12.8	(2.0)	2.4
Hong Kong Aerospace Technology Group Limited	1725	28.5	20.2	4.1	(4.2)
EJE (Hong Kong) Holdings Limited	8101	15.8	4.9	8.1	(2.8)
Others					4.0
					<u>9.5</u>

The shares of the companies mentioned under Net Realised Gain above are listed on Main Board or GEM the Stock Exchange, and no stock included in others contributed the realised gain or loss over HK\$2 million during the Year.

## NET UNREALISED GAIN

The net unrealised gain of approximately HK\$43.7 million represents the unrealised gain of approximately HK\$74.1 million net of unrealised loss of approximately HK\$30.4 million. Set out below is the breakdown of the aforesaid unrealised gain and loss:

Company name	Stock code	Unrealised gain <i>HK\$' million</i>	Unrealised loss <i>HK\$' million</i>
Hong Kong Education (Int'l) Investments Limited	1082	13.1	–
WLS Holdings Limited	8021	8.8	–
Sec Media Group Limited	0205	7.9	–
Tai Kam Holdings Limited	8321	6.6	–
Milan Station Holdings Limited	1150	5.7	–
Glory Sun Financial Group Limited	1282	–	3.8
China e-Wallet Payment Group Limited	0802	–	4.1
EJE (Hong Kong) Holdings Limited	8101	–	6.1
Others		32.0	16.4
		<u>74.1</u>	<u>30.4</u>

All the shares of the companies mentioned under Net Unrealised Loss above are listed on either main board or GEM of the Stock Exchange, and no stock included in others contributed the unrealised gain over HK\$5 million and unrealized loss over HK\$3 million during the Year.

In connection with the unlisted equity investments, the Group recorded an unrealised gain of approximately HK\$2.0 million during the Year (Year 2020: unrealised loss of HK\$8.7 million).

As a result of the satisfactory performance of listed and unlisted financial assets investments, the Group recorded net gain of approximately HK\$62.7 million for the Year, which turned around from the net loss of approximately HK\$105.5 million recorded in Year 2020.

## Liquidity and Financial Resources

As at 30 September 2021, the Group held assets of approximately HK\$554.3 million (2020: HK\$489.8 million), including cash and cash equivalents of HK\$11.9 million (2020: HK\$16.8 million). The Group's current ratio (as defined by current assets/current liabilities) increased from 13.8 as at 30 September 2020 to 14.1 as at 30 September 2021, which was maintained at a healthy level. The Board believes that the Group has sufficient resources to satisfy its working capital requirement.

## Gearing Ratio

The gearing ratio (defined as total interest-bearing liabilities/total equity) was 4.5% (2020: 8.13%).

## Capital Structure

The Company did not run any capital exercise during the Year. During the Year, the share capital of the Company increased from 275,488,249 shares as at 30 September 2020 to 343,238,249 shares as at 30 September 2021, which was due to 54,000,000 shares and 13,750,000 shares issued and allotted by conversion of convertible bonds and exercise of share options, respectively. Included in other payables as at 30 September 2021 were margin payables of approximately HK\$23.9 million bearing interest rates ranged from 8% to 8.25% (2020: 8% to 10%) per annum. The margin payables are in Hong Kong Dollars, and secured by listed investments of the Group, repayable on demand and are guaranteed by the Company on behalf of a subsidiary. In view of such immaterial amount of the margin payables in Hong Kong Dollars as compared to the Group's listed stocks of approximately HK\$263.9 million, the Company considers the currency and interest rate risks exposure of its debt and obligation are manageable.

In connection with the placing of convertible bonds, which were completed on 18 September 2020, the net proceeds of approximately HK\$13.1 million have been fully used as intended and detailed as follows:

	<b>Investment in listed securities in Hong Kong HK\$'million</b>	<b>General working capital HK\$'million</b>	<b>Total HK\$'million</b>
Used as of 30 September 2020	0.8	0.3	1.1
Used during the Year	12.0	–	12.0
	<u>12.8</u>	<u>0.3</u>	<u>13.1</u>

## Significant Investments

Investments with fair value/market value not less than 5% of the Group's total asset value are significant investments of the Group, which are included in the Group's bonds investments and listed equity investments as detailed in notes 12 and 11 to the consolidated financial statements of this announcement, respectively. Set out below are further information of the Group's significant investments.

### **Bonds Investment – Gold Medal Hong Kong Limited (“Gold Medal”)**

Gold Medal is a company incorporated in Hong Kong with limited liability and principally engaged in money lending business. It is a wholly owned subsidiary of WLS Holdings Limited (“WLS”), the guarantor of the bonds, which is listed on GEM of the Stock Exchange (stock code: 8021). Based on WLS’ interim report for the six months ended 31 October 2021, its net asset value was approximately HK\$535.5 million, and its current assets and total liabilities as at 31 October 2021 were approximately HK\$449.6 million and HK\$242.5 million respectively. The current assets can fully cover its total liabilities. Accordingly, the Company considers that there is no signal of default of bonds issued by Gold Medal to the Group.

### **Equity Investment – WLS (stock code: 8021)**

The Group held approximately 679.0 million shares of WLS with market value of approximately HK\$31.9 million as at 30 September 2021.

As mentioned above, WLS is listed on GEM of the Stock Exchange (stock code: 8021). WLS is principally engaged in the scaffolding and fitting out services, management contracting services and other services for construction and buildings work, money lending business, securities brokerage and margin financing and securities investment business. For the year ended 30 April 2021, the audited consolidated loss attributable to owners of WLS was approximately HK\$16.9 million. Their performance significantly improved and the unaudited net profit attributable to owners of WLS of approximately 27.8 million was recorded in the six months ended 31 October 2021.

As WLS is one of the leading scaffolding sub-contractors in the industry, the management of WLS are confident about securing more contracts which based on the multi-pronged strategy adopted by Hong Kong government to maintain a steady and sustainable land supply with the aim to meet the continuing housing needs. The Company believes the WLS’s business strategy is in line with the overall direction of the Hong Kong government’s strategic development plans for property construction, infrastructure investment and financial market development, and considerable amount profit will be generated in medium to long terms.

### **Bonds Investment – Hao Wen Holdings Limited (“Hao Wen”) (stock code: 8019)**

Hao Wen is a company incorporated in Cayman Islands with limited liability. Hao Wen and its subsidiaries are principally engaged in money lending, manufacturing of biomass fuel product and trading of electronic parts. It is listed on GEM of the Stock Exchange (stock code: 8019). Based on Hao Wen’s interim report for the six months ended 30 June 2021, its net asset value was approximately RMB305.1 million, its current assets were approximately RMB260.2 million and total liabilities were approximately RMB59.5 million. In view of Hao Wen’s strong liquid assets and limited liabilities, the Company considers that Hao Wen has sufficient financial resources to meet its ongoing operation, there is no signal of default of bonds issued by Hao Wen to the Group.

**Bonds and Equity Investment – AMCO United Holding Limited (“AMCO”) (stock code: 630)**

AMCO is a company incorporated in Bermuda with limited liability and principally engaged in medical device businesses. The company operates through five business segments, namely Medical Devices Business, Plastic Molding Business, Building Contract Works Business, Money Lending Businesses and Securities Investment. The company operates businesses in the regions of Asia, Europe and North and South Americas. It is listed on main board of the Stock Exchange (stock code: 630). Based on AMCO’s interim report for the six months ended 30 June 2021, its net asset value was approximately HK\$130.1 million, its current assets were approximately HK\$172.6 million and total liabilities were approximately HK\$78.4 million. Included in current assets of approximately HK\$172.6 million were substantially assets liquid in nature, which were cash and cash equivalents of approximately HK\$3.8 million, listed stocks investments of approximately HK\$36.1 million, trade receivables of approximately HK\$13.3 million and loan receivables of approximately HK\$109.9 million, totalling HK\$163.1 million. These liquid assets can fully cover AMCO’s total liabilities of approximately HK\$78.4 million. Accordingly, the Company considers that AMCO has sufficient working capital to meet the ongoing business, there is no signal of default of bonds issued by AMCO.

The Group held approximately 82.9 million shares of AMCO with market value of approximately HK\$13.3 million as at 30 September 2021.

In relation to AMCO’s four business segments above, increase in revenue were noted in the six month ended 30 June 2021 as compared to the revenue amount for the corresponding period in year 2020, except for Building Contract Works Business. The decrease in revenue of this business segment was primarily due to (i) substantial completion of several significant public contracts during the same period of 2020; (ii) slowdown in the progress of existing construction projects under the impact of COVID-19, and (iii) decrease in awards of projects in both public and private sectors, under the stringent and competitive market environment of the building construction and maintenance industry caused by slower growth of the industry and the Hong Kong economy during the period.

Consistent with the Group’s investment in WLS as mentioned above, along with the Hong Kong government’s strategic development plans for property construction, we believe the performance of AMCO will improve and we consider their diversified business portfolio can reduce the risk of business concentration.

**Bonds and Equity Investment – China e-Wallet Payment Group Limited (“China e-Wallet”)  
(stock code: 802)**

The Group held approximately 135.6 million shares of China e-Wallet with market value of approximately HK\$14.1 million as at 30 September 2021.

China e-Wallet is principally engaged in provision of internet and mobile application and distribution of computer-related and mobile-related electronic products and accessories. The audited consolidated loss attributable to shareholders of China e-Wallet for the year ended 31 December 2020 was approximately HK\$41.8 million and the unaudited loss attributable to shareholders of China e-Wallet for the six months ended 30 June 2021 were approximately HK\$18.3 million.

“Internet and Mobile’s Application and Related Accessories” is the China e-Wallet’s main business. China e-Wallet specialized in providing programming and advertising solutions in mobile platform with main branch office in Hong Kong and the PRC. The programming teams of China e-Wallet have extensive experience on developing mobile application and interactive virtual reality technologies for well-known companies in Hong Kong and overseas. China e-Wallet is also engaged in the business of distribution of computer-related and mobile-related electronic products and accessories.

China e-Wallet believed that the business of “Internet and Mobile’s Application and Related Accessories” as a key growth area, is in-line with the rapid growth of the mobile and gaming industry and in particular in application development for merchants, online gaming, interactive virtual reality experience and utilities applications for mobile platform and mass advertising.

China e-Wallet has already procured thousands of merchants to participate in its settlement application services (“Settlement Services”). In order to capture its market share and procure sizable merchants in a short period of time, China e-Wallet would paid inducement deposits to these merchants. China e-Wallet would derive marketing plan with these merchants in order to give incentives by way of E-coupons or discounts to their customers who use the Settlement Services and the inducement deposits would be utilized accordingly. In return, China e-Wallet would share the transaction fee from the Settlement Services, receive rebate income and application development income from these merchants. Since 2018, China e-Wallet has expanded its settlement application services through referring merchants to Alipay.com Co., Ltd. to use the Alipay services in the PRC.

The management of the Company considers the business of China e-Wallet has a good business potential. Return is expected to be brought to the Company’s equity investment in China e-Wallet in long term.

Referring to latest China e-Wallet’s financial position, its current assets and total liabilities as at 30 June 2021 were approximately HK\$456.6 million and HK\$37.8 million respectively. As China e-Wallet’s current assets can fully cover its total liabilities, the Company considers that China e-Wallet has sufficient working capital to meet the ongoing business and there is no signal of default of bonds issued by China e-Wallet.

**Equity Investment – Hong Kong Education (Int’l) Investments Limited (“HKEI”) (stock code: 1082)**

The Group held approximately 28.3 million shares of HKEI with market value of approximately HK\$46.7 million as at 30 September 2021.

HKEI Group had still been operating in a severe and challenging environment during the year ended 30 June 2021. The Group had been facing a continuous decreasing enrolment of secondary school students, declining number of candidates participating in the Hong Kong Diploma of Secondary Education Examination, increasing number of students studying abroad, and a fierce competition in the education industry. Also, the ongoing of coronavirus disease 2019 (“COVID-19”) pandemic in Hong Kong seriously affected the progress of resumption of face-to-face classes in our education centres and eventually caused a distinct reduction in course enrolments during the Year.

For the year ended 30 June 2021, HKEI Group recorded revenue of approximately HK\$43.3 million (2020: approximately HK\$67.2 million), representing a decrease of approximately 35.6% as compared to the last financial year. Profit attributable to owners of the Company for the Year amounted to approximately HK\$3.6 million (2020: loss of approximately HK\$107.19 million).

The overall market has entered into a new era with the advent of COVID-19. The pandemic has revolutionised human activities due to social distancing. It is not difficult to understand that control measures arising from the COVID-19 hindered business development. In order to reduce the adverse effect on HKEI Group’s businesses due to geographical and travelling barriers, HKEI Group acquired the UFO Group to meet the unprecedented challenges.

With the introduction of VR, augmented reality and artificial intelligence from the UFO Group, it can break through the existing obstacles and may be applied to HKEI’s distinct businesses under the brand names of “Modern Education (現代教育)” and “Modern Bachelor Education (現代小學士)”. The aforesaid technologies can allow students to allocate their study schedules effectively without geographical and time boundaries, and at the same time, allow HKEI Group to expand its business to international markets. The mixture of traditional learning and technology-based learning will help our students and HKEI Group to improve their efficiencies as a whole.

With the help from the UFO Group, which is also a content and solution provider in the STEAM education industry, HKEI Group became a more complete education services provider by diversifying its business in the education industry and being more agile in response to market dynamics and opportunities.

Looking forward, HKEI Group foresees the complementary effect brought by the UFO Group, in particular, the new approach of learning and a more diversified business of the Group.

The Company shares the similar viewpoints of HKEI’s management and believes that the adverse business environment will improve, and bring the return to us, as HKEI’s shareholders in medium to long terms.

## **Dividend Policy**

It is the Board's intention to distribute any excess balance by way of dividend to the extent permitted by law, the Memorandum and the Articles. Dividends will only be paid to the extent that they are covered by net income received from underlying investments. Distribution will be made annually after the annual accounts of the Company are approved by the shareholders but interim distribution may be made from time to time to shareholders as appear to the Board to be justified by the position of the Company. Distributions will be made in Hong Kong dollars.

As the Company does not have any pre-determined dividend distribution ratio, the declaration of future dividends will be subject to the decision by the Board and will depend on, among other things, the earnings, financial condition, cash requirements and availability, the availability of funds to meet the financial covenants of the Group's bank loans (if applicable) and any other factors that our Directors may consider relevant.

## **Capital Commitment and Operating Lease Commitment**

As at 30 September 2021, the Group had no material commitment.

## **Contingent Liabilities**

As at 30 September 2021, the Group had no material contingent liabilities.

## **Charge of Assets**

As at 30 September 2021, the Group had pledged listed stocks of approximately HK\$107.9 million to secure the margin payables.

## **BUSINESS REVIEW, IMPORTANT EVENTS OCCURRED AFTER THE END OF FINANCIAL YEAR AND PROSPECT**

In Year 2020, the global investment market has experienced the largest crisis since the bankruptcy of Lehman Brothers in Year 2008, which is due to the outbreak of COVID-19. Hang Seng Index dropped sharply from the peak of 29,056 points in January 2020 to the bottom of 21,696 points within two months in March 2020. Many nations, including China and United States, have adopted lockdown and quarantine policies and the business activities are influenced significantly.

The situation has changed with the launch of COVID-19 vaccines in early Year 2021. Market expected the end of COVID-19 pandemic would come soon. Hang Seng Index rose from 23,459 points on 30 September 2020 to over 31,000 points in February 2021. Along with the relative strained relationship between US and China, and the continuing development of new variants of COVID-19, in the second and third quarter of 2021, Hong Kong stock markets did not perform as well as that in the first quarter, and Hang Seng Index fell and closed at 24,575 points as at 30 September 2021.

Although in such fluctuating market environment, the Group's listed securities performed satisfactorily. The performance of the Group's listed investments turnaround from loss of approximately HK\$61.0 million in the year ended 30 September 2020 to gain of approximately HK\$53.4 million in the Year.

In connection with the Group's unlisted investments, the Group continued its focus on bonds investments, which brought constant cash flows to the Group. The Group acquired/extended three bonds in total. One of them was issued by Gold Medal Hong Kong Limited, a wholly owned subsidiary of WLS Holdings Limited which is listed on GEM of the Stock Exchange, with bond size of HK\$42.0 million and coupons of 8%. Another one was issued by Hao Wen Holdings Limited which is listed on GEM of the Stock Exchange, with bond size of HK\$42.5 million and coupons of 11%. In addition, the Group subscribed bonds issued by China e-Wallet Payment Group Limited, which is listed on Main Board of the Stock Exchange. The bond size and coupon rate of are HK\$20.0 million and 10% respectively.

The total carrying amounts of the bonds held by the Group reported in the financial statements of this announcement increased from HK\$119.9 million as at 30 September 2020 to HK\$186.5 million as at 30 September 2021. The increase in the value of bonds held by the Group because new bonds acquired over the Year, net of expected loss on the bonds of approximately HK\$4.8 million recorded during the Year. Aggregate bonds interest income of approximately HK\$21.3 million were recognised during the Year.

During the Year, the Group did not acquire or dispose of any unlisted equity investment.

The major important event affecting the Group which occurred since the end of the year ended 30 September 2021 is the Company in October 2021 successfully raised approximately HK\$16.9 million by placing of 68,640,000 new shares at HK\$0.25 per placing share. Please refer to the Company's announcements dated 4 October 2021, 19 October 2021 and 25 October 2021 for further details.

Looking forward, facing the emergence of Omicron variant, which is more transmissible than the earlier variants, and the tumultuous relationship between the United States and China, we expect global investment will not be very optimistic in the rest of this year. Accordingly, we will continue to adopt cautious measures to manage the Group's investment portfolio.

## **CORPORATE GOVERNANCE CODE**

During the Year, the Company has complied with the code provisions in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules, except for the deviations from the CG Code as described below:

CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same person. Decisions of the Company are made collectively by the executive Directors. The Board believes that this arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company’s objectives efficiently and effectively in response to the changing environment. The Board also believes that the Company already has a strong corporate governance structure in place to ensure effective oversight of management.

CG Code provision A.4.1 requires that non-executive directors should be appointed for a specific term and subject to re-election. Currently all non-executive Directors (i.e. independent non-executive Directors) have no specific term of appointment but they are subject to retirement by rotation in accordance with the Articles. As such, the Company considers that sufficient measures have been taken to serve the purpose of this CG Code provision.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (“Model Code”) as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry to all Directors regarding any non-compliance with the Model Code during the Year and they all confirmed that they have fully complied with the required standard set out in the Model Code.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

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

## **AUDIT COMMITTEE**

The audit committee (“Audit Committee”) of the Board comprises all three independent non-executive Directors and is currently chaired by Mr. Cheung Wai Kin, who possesses extensive financial and accounting experience in commercial sectors. It is responsible for appointment of external auditors, review of the Group’s financial information and oversight of the Group’s financial reporting system and risk management and internal control systems. The Audit Committee is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. The results for the Year has been reviewed by the Audit Committee. It meets regularly to review financial reporting, risk management and internal control matters and to this end has unrestricted access to personnel, records and external auditors and senior management.

The Audit Committee has specific written terms of reference which are of no less exacting terms than those stipulated in CG Code Provisions. In the Fiscal Year 2020/21, the Audit Committee held five meetings. At the meetings, it reviewed the final results and accounts for the year ended 30 September 2021, and the interim results and accounts for the six months ended 31 March 2021 and financial reporting system, and risk management and internal control systems. It also reviewed the Company's progress in implementing the corporate governance requirements as set out in the CG Code.

#### **SCOPE OF WORKS OF MESSRS. D & PARTNERS CPA LIMITED**

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 30 September 2021 as set out in this announcement have been agreed by the Group's auditors, Messrs. D & PARTNERS CPA LIMITED to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Messrs. D & PARTNERS CPA LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. D & PARTNERS CPA LIMITED in this announcement.

#### **DISCLOSURE OF INFORMATION ON WEBSITES**

All the information required by the Listing Rules will be published on the websites of The Stock Exchange of Hong Kong Limited and of the Company in due course.

By Order of the Board  
**Capital VC Limited**  
**Chan Cheong Yee**  
*Executive Director*

Hong Kong, 29 December 2021

As at the date of this announcement, the Board comprises:

*Executive Directors:*

Mr. Kong Fanpeng  
Mr. Chan Cheong Yee

*Independent non-executive Directors:*

Mr. Lee Ming Gin  
Ms. Lai Fun Yin  
Mr. Cheung Wai Kin

*In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*