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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 2022**

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 2022 together with the comparative figures in the year ended 30 September 2021 as follows:

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

*For the year ended 30 September 2022*

	<i>Notes</i>	<b>2022</b> <b>HK\$</b>	2021 HK\$
Turnover	3,4	<b>(25,149,110)</b>	76,705,162
Other income, net	5	<b>(1,276,970)</b>	6,736,988
Administrative expenses		<b>(17,036,194)</b>	(11,589,451)
Expected credit loss on financial assets at amortised cost, net of reversal		<b>(19,312,686)</b>	(4,785,190)
Expected credit loss on deposits and other receivables, net of reversal		<b>(18,181,068)</b>	126,823
Share-based payment expenses		<b>(4,097,371)</b>	(2,802,996)
Operating (loss) gain		<b>(85,053,399)</b>	64,391,336
Finance costs		<b>(3,072,151)</b>	(1,667,104)
<b>(Loss) profit before tax</b>	6	<b>(88,125,550)</b>	62,724,232
Income tax expenses	7	–	–
<b>(Loss) profit for the year</b>		<b>(88,125,550)</b>	62,724,232

	<i>Notes</i>	<b>2022</b> <b>HK\$</b>	2021 <b>HK\$</b>
<b>(Loss) profit and total comprehensive (expense) income for the year attributable to equity holders of the Company</b>		<u><b>(88,125,550)</b></u>	<u>62,724,232</u>
Dividend	<i>8</i>	<u>–</u>	<u>–</u>
(Loss) earnings per share	<i>9</i>		
Basic (loss) earnings per share		<b>(0.21)</b>	0.18
Diluted (loss) earnings per share		<u><b>(0.21)</b></u>	<u>0.17</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	<i>Notes</i>	<b>2022</b> <b>HK\$</b>	2021 <b>HK\$</b>
<b>Non-current assets</b>			
Plant and equipment		<b>553,608</b>	–
Financial assets at fair value through profit or loss	<i>11</i>	<b>2,147,000</b>	8,069,180
Investments in financial assets at amortised cost	<i>12</i>	<b>117,955,260</b>	151,275,464
		<b>120,655,868</b>	159,344,644
<b>Current assets</b>			
Prepayments, deposits and other receivables	<i>10</i>	<b>81,127,133</b>	72,818,023
Financial assets at fair value through profit or loss	<i>11</i>	<b>245,413,902</b>	263,876,612
Investments in financial assets at amortised cost	<i>12</i>	<b>47,808,407</b>	46,364,972
Cash and cash equivalents		<b>16,692,655</b>	11,912,344
		<b>391,042,097</b>	394,971,951
<b>Current liabilities</b>			
Other payables and accruals	<i>13</i>	<b>20,034,528</b>	28,101,966
Overdrafts		<b>6,079,340</b>	–
		<b>26,113,868</b>	28,101,966
<b>Net current assets</b>		<b>364,928,229</b>	366,869,985
<b>Total assets less current liabilities</b>		<b>485,584,097</b>	526,214,629
<b>Non-current liabilities</b>			
Convertible bonds		<b>15,811,408</b>	–
Deferred tax liability		<b>862,206</b>	–
		<b>16,673,614</b>	–
<b>Net assets</b>		<b>468,910,483</b>	526,214,629
<b>Capital and reserves</b>			
Share capital		<b>105,032,062</b>	85,809,562
Reserves		<b>363,878,421</b>	440,405,067
<b>Total equity attributable to equity holders of the Company</b>		<b>468,910,483</b>	526,214,629
Net asset value per share	<i>14</i>	<b>1.12</b>	1.53

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2022

### 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 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	“COVID-19-Related Rent Concessions” beyond 30 June 2021

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.

## 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>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>4</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</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 a date to be determined.

<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 1 January 2023.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2024.

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>2022</b>	2021
	<b>HK\$</b>	<b>HK\$</b>
Net realised (loss) gain on financial assets at fair value through profit or loss (“FVTPL”)	<b>(23,956,983)</b>	9,481,598
Net unrealised (loss) gain on financial assets at FVTPL	<b>(22,349,021)</b>	45,741,795
Dividend income from investments in listed securities	<b>370,581</b>	172,281
Bank and bond interest income	<b>20,585,504</b>	21,309,488
Gain on disposal of investments in financial assets at amortised cost	<b>200,809</b>	–
	<b>(25,149,110)</b>	76,705,162

#### 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 2022

	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>
Segment revenue	(20,128,186)	(5,022,180)	1,256	(25,149,110)
Expected credit loss on financial assets at amortised cost, net of reversal	(19,312,686)	-	-	(19,312,686)
Expected credit loss on deposits and other receivables, net of reversal	(3,193,440)	(14,987,628)	-	(18,181,068)
Administrative expenses	(5,658,584)	-	(11,377,610)	(17,036,194)
Segment result	(48,292,896)	(20,009,808)	(11,376,354)	(79,679,058)
Other income	(5,278,056)	4,007,878	(6,792)	(1,276,970)
Share-based payment expenses	-	-	(4,097,371)	(4,097,371)
Finance costs	(3,035,254)	-	(36,897)	(3,072,151)
Loss before tax	(56,606,206)	(16,001,930)	(15,517,414)	(88,125,550)
Income tax expenses	-	-	-	-
Loss for the year	<u>(56,606,206)</u>	<u>(16,001,930)</u>	<u>(15,517,414)</u>	<u>(88,125,550)</u>
Segment assets	425,371,752	69,542,896	16,783,317	511,697,965
Segment liabilities	<u>21,955,902</u>	<u>-</u>	<u>20,831,580</u>	<u>42,787,482</u>
<b>Other segment information</b>				
Net realised loss on financial assets at FVTPL	(19,874,383)	(4,082,600)	-	(23,956,983)
Net unrealised loss on financial assets at FVTPL	(21,409,441)	(939,580)	-	(22,349,021)
Interest income	20,584,248	-	1,256	20,585,504
Amortisation of fair value adjustment on investments in financial assets at amortised cost	(5,658,584)	-	-	(5,658,584)
Expected credit losses on deposits and other receivables, net of reversal	(3,193,440)	(14,987,628)	-	(18,181,068)
Expected credit losses on investments in financial assets at amortised costs, net of reversal	<u>(19,312,686)</u>	<u>-</u>	<u>-</u>	<u>(19,312,686)</u>

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>	74,660,481	2,042,860	1,821	76,705,162
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	<u>69,510,190</u>	<u>7,100,333</u>	<u>(13,886,291)</u>	<u>62,724,232</u>
Segment assets	519,144,070	22,396,151	12,776,374	554,316,595
Segment liabilities	<u>23,901,000</u>	<u>–</u>	<u>4,200,966</u>	<u>28,101,966</u>
<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	<u>(4,785,190)</u>	<u>–</u>	<u>–</u>	<u>(4,785,190)</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. OTHER INCOME, NET

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Other interest income	4,007,878	6,410,249
Gain on disposal of plant and equipment	–	240,000
Loss on modification on investments in financial assets at amortised costs	(5,278,056)	–
Sundry income	173,880	160,500
Fair value loss on derivative asset	(180,672)	–
Loss on conversion of convertible bonds	–	(73,761)
	<u>(1,276,970)</u>	<u>6,736,988</u>

## 6. (LOSS) PROFIT BEFORE TAX

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

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Directors' emoluments	2,482,814	2,164,098
Staff costs		
– Salaries, allowances and other benefits	3,147,121	2,937,904
– MPF Scheme contributions	81,149	80,568
– Share-based payment expenses	2,995,757	2,018,898
	<u>8,706,841</u>	<u>7,201,468</u>
Total staff costs (including Directors' emoluments)		
	<u>8,706,841</u>	<u>7,201,468</u>
Auditor's remuneration	550,000	500,000
Depreciation for plant and equipment	136,321	–
Amortisation of fair value adjustment on investments in financial assets at amortised cost	5,658,584	–
Operating lease rentals	145,200	145,200
Donation	393,000	292,600
	<u>5,658,584</u>	<u>292,600</u>

## 7. INCOME TAX EXPENSES

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for the year ended 30 September 2022.

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 brought forward from prior years.

## 8. DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 30 September 2022 (2021: Nil).

## 9. (LOSS) EARNINGS PER SHARE

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

	<b>2022</b>	2021
	<b>HK\$</b>	<b>HK\$</b>
(Loss) earnings:		
(Loss) earnings for the year attributable to owners of the Company for the purposes of basic and diluted (loss) earnings per share	<b>(88,125,550)</b>	62,724,232
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<b>417,130,523</b>	341,467,016
Effect of dilutive potential ordinary shares:		
Share options	-*	28,520,465
Convertible bonds	-*	-
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	<b><u>417,130,523</u></b>	<b><u>369,987,481</u></b>

\* The Company had no potential dilutive ordinary shares for the year ended 30 September 2022. The share options and convertible bonds during the year ended 30 September 2022 were anti-dilutive.

## 10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<i>Notes</i>	<b>2022</b>	2021
		<b>HK\$</b>	<b>HK\$</b>
Prepayments, deposits and other receivables		<b>609,302</b>	864,030
Margin receivables	<i>(a)</i>	<b>13,121,935</b>	584,907
Amounts receivable on disposal of investments	<i>(b)</i>	<b><u>67,395,896</u></b>	<u>71,369,086</u>
		<b><u>81,127,133</u></b>	<u>72,818,023</u>

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 0.002% (2021: 0.001% to 0.05%) per annum for the year.

(b) The balance is represented by receivables from the purchasers of:

	<b>2022</b>	2021
	<b>HK\$</b>	<b>HK\$</b>
Equity interests of:		
Starfame Investments Limited	<b>3,379,234</b>	5,816,379
Uni-Venture International Investment Limited	–	8,510,591
Kendervon Profits Inc.	<b>50,073,057</b>	57,042,116
Bonds issued by:		
Profit Big Enterprises Limited	<b>13,806,560</b>	–
Others	<b>137,045</b>	–
	<b>67,395,896</b>	71,369,086

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

Financial assets at FVTPL as at 30 September comprise:

	<i>Note</i>	<b>2022</b>	2021
		<b>HK\$</b>	<b>HK\$</b>
Fair value:			
Convertible bonds derivative		<b>3,216,299</b>	–
Unlisted securities		<b>2,147,000</b>	8,069,180
Listed securities held for trading			
– listed in Hong Kong		<b>242,197,603</b>	263,876,612
Suspended stocks listed in Hong Kong	<i>(a)</i>	–	–
		<b>247,560,902</b>	271,945,792
Analysed as:			
Current assets		<b>245,413,902</b>	263,876,612
Non-current assets		<b>2,147,000</b>	8,069,180
		<b>247,560,902</b>	271,945,792

*Note:*

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

## 12. INVESTMENTS IN FINANCIAL ASSETS AT AMORTISED COST

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

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Investments in financial assets at amortised cost	154,892,293	186,502,970
Fair value adjustment at inception	16,529,958	11,137,466
Amortisation of fair value adjustment	(5,658,584)	–
	<u>165,763,667</u>	<u>197,640,436</u>
Less: Non-current assets	(117,955,260)	(151,275,464)
	<u>47,808,407</u>	<u>46,364,972</u>

No fair value gain or loss at inception is recognised in profit or loss in the current year.

## 13. OTHER PAYABLES AND ACCRUALS

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Margin payables	15,876,562	23,900,997
Accruals	4,157,966	4,200,969
	<u>20,034,528</u>	<u>28,101,966</u>

Margin payables bear interest rates ranged from 8% to 15.25% (2021: 8% to 8.25%) 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 2022 of HK\$468,910,483 (2021: HK\$526,214,629) and on the number of 420,128,249 ordinary shares of HK\$0.25 each in issue as at 30 September 2022 (2021: 343,238,249 ordinary shares of HK\$0.25 each).

On 14 October 2022, the Company published an announcement titled “Net Asset Value” (the “NAV Announcement”), in which the net asset value per share of the Company as at 30 September 2022 was stated as HK\$1.2680. The decrease of net asset value per share of the Company as at 30 September 2022 from HK\$1.2680 based on the NAV announcement to HK\$1.12 based on this results announcement is principally due to the valuation works on the expected credit loss on financial assets at amortised cost, net of reversal of HK\$19,312,686, the expected credit loss on deposits and other receivables, net of reversal of HK\$18,181,068, and loss modification on investments in financial assets at amortised costs of HK\$5,278,056, which were prepared by independent valuer, yet to be completed on the date of the NAV Announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For the year ended 30 September 2022 (the “Year”), the Group reported a negative turnover of approximately HK\$25.1 million (Year ended 30 September 2021 (“Year 2021”): positive amount of HK\$76.7 million) and net loss attributable to equity holders of the Company of approximately HK\$88.1 million (Year 2021: net profit HK\$62.7 million).

During the Fiscal Year 2021/22, the Group’s performance of listed investments changed from gain of HK\$53.4 million in Year 2021 to loss of HK\$40.9 million in the Year. The loss on listed investments for the Year of approximately HK\$40.9 million represented net realised loss of approximately HK\$19.9 million, net unrealised loss of approximately HK\$21.4 million, net of dividend income of approximately HK\$0.4 million. Set out below are further information of these net realised and unrealised losses:

### NET REALISED LOSS

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>
China Properties Investment Holdings Limited	736	5.5	0.3	10.9	5.7
SunCorp Technologies Limited	1063	2.1	0.8	4.0	2.7
Glory Sun Financial Group Limited	1282	14.9	2.4	5.5	(7.0)
China Zenith Chemical Group Limited	362	15.8	9.9	–	(5.9)
China Baoli Technologies Holdings Limited	164	13.0	8.9	–	(4.1)
Hong Kong Education (Int’l) Investments Limited	1082	12.3	19.7	(9.8)	(2.4)
Others					(8.9)*
					<u>(19.9)</u>

\* Net realised loss from others represents realised gain from others of approximately HK\$1.5 million net of realised loss from others of approximately HK\$10.4 million.

The shares of the companies mentioned under Net Realised Loss above are listed on Main Board the Stock Exchange, and no stock included in others contributed the realised gain over HK\$1 million or loss over HK\$2 million during the Year.

## NET UNREALISED LOSS

The net unrealised loss for the Year of approximately HK\$21.4 million represents the unrealised gain of approximately HK\$50.2 million net of unrealised loss of approximately HK\$71.6 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>
WLS Holdings Limited	8021	28.5	–
SEEC Media Group Limited	205	7.1	–
Hao Wen Holdings Limited	8019	5.5	–
AMCO United Holding Limited	630	–	11.3
China e-Wallet Payment Group Limited	802	–	10.7
China Properties Investment Holdings Limited	736	–	8.3
hmvod Limited	8103	–	7.0
Tai Kam Holdings Limited	8321	–	6.0
Others		9.1	28.3
		<u>50.2</u>	<u>71.6</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 or loss over HK\$5 million during the Year.

In connection with the unlisted equity investments, the Group recorded an unrealised loss of approximately HK\$0.9 million and net realised loss of approximately HK\$4.1 million during the Year. In Year 2021, unrealised gain of HK\$2.0 million and no realised gain or loss was recorded.

Owing to the overall increase in interest rate since the second half of Year 2022, the global debt market during the Year did not perform well and many enterprises are in financial difficulties. Accordingly, the Group has adopted prudent approach on the valuation of its bonds investment and outstanding receivables. Expected credit loss on financial assets at amortised cost, net of reversal of approximately HK\$19.3 million and that on deposits and other receivables, net of reversal of approximately HK\$18.2 million were recorded during the Year.

As a result of the unsatisfactory performance of listed and unlisted financial assets investments, and the prudent approach on the valuation of bonds investment and outstanding receivables as mentioned above, the Group recorded net loss of approximately HK\$88.1 million for the Year, which turned around from the net profit of approximately HK\$62.7 million recorded in Year 2021.

## Liquidity and Financial Resources

As at 30 September 2022, the Group held assets of approximately HK\$511.7 million (2021: HK\$554.3 million), including cash and cash equivalents of HK\$16.7 million (2021: HK\$11.9 million). The Group's current ratio (as defined by current assets/current liabilities) increased from 14.1 as at 30 September 2021 to 15.0 as at 30 September 2022, 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 8.1% (2021: 4.5%), which was considered by the Board at a low level.

## Capital Structure

During the year ended 30 September 2022, the share capital of the Company increased from 343,238,249 shares as at 30 September 2021 to 420,128,249 shares as at 30 September 2022, which was due to 68,640,000 shares and 8,250,000 shares issued and allotted by placing of new shares and exercise of share options, respectively.

The Group is principally engaged in listed investments in Hong Kong and in unlisted equity and debt securities.

The Board has been actively seeking fund raising opportunities to strengthen the Company's financial position. On 25 October 2021, the Company completed a placing and has successfully raised approximately HK\$17.2 million (before expenses), which are detailed below.

On 4 October 2021 (after trading hours), the Company and China Prospect Securities Limited (the "Equity Placing Agent") entered into a placing agreement (the "Equity Placing Agreement") pursuant to which the Equity Placing Agent agreed to place, on a best endeavour basis, to not less than six independent places for up to 68,640,000 new shares at a price (the "Placing Price") of HK\$0.250 per placing share (the "Equity Placing"). These new shares rank *pari passu* in all respect with the then existing Shares. The Equity Placing was completed on 25 October 2021.

The Placing Price of HK\$0.250 per placing share represents: (i) a discount of approximately 5.66% to the closing price of HK\$0.265 per share of the Company as quoted on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 4 October 2021, being the date of the Equity Placing Agreement; and (ii) a discount of approximately 10.71% to the average of the closing prices of HK\$0.280 per share of the Company as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Equity Placing Agreement.

The Board considers that the Equity Placing represents a good opportunity for the Company to raise additional funds and to widen the Company's shareholder base. The terms of the Equity Placing Agreement (including the Placing Price and the placing commission) were determined after arm's length negotiations between the Company and the Equity Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Equity Placing Agreement (including the Placing Price and the placing commission) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The gross and net proceeds from the Equity Placing were approximately HK\$17.2 million and approximately HK\$16.9 million, respectively. The Company intended to use such net proceeds for the general working capital of the Group and for future investments pursuant to the investment objectives of the Company. The 68,640,000 new shares were fully placed and the net placing price was approximately HK\$0.246 per placing share. As of 30 September 2022, the net proceeds from the Equity Placing of approximately HK\$16.9 million were fully used for working capital and investments as intended.

In addition to the Equity Placing, the Company, on 7 September 2022, entered into another placing agreement (the “CB Placing Agreement”) with China Prospect Securities Limited (the “CB Placing Agent”), pursuant to which the Company has conditionally agreed to issue and the CB Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six places to subscribe for the convertible bonds with an aggregate principal amount of up to HK\$21.0 million (the “CB Placing”). The CB Placing was completed on 26 September 2022 and net proceeds (“Net Proceeds from the CB Placing”) of approximately HK\$20.5 million was raised.

The Net Proceeds from the CB Placing were intended to be used for the general working capital of the Group and for future investments pursuant to the investment objectives of the Company. The aggregate gross proceeds from the CB Placing was approximately HK\$21.0 million and the aggregate net proceeds from the CB Placing, after deduction of expenses, were approximately HK\$20.5 million, representing a net issue price of approximately HK\$0.244 per the new share of the Company as if the conversion rights attaching to the convertible bonds are exercised.

The conversion price (the “Conversion Price”) of the convertible bonds of HK\$0.25 represent (i) a premium of approximately 19.0% to the closing price of HK\$0.21 per share (the “Share(s)”) of the Company as quoted on the Stock Exchange on the date of the CB Placing Agreement; and (ii) a premium of approximately 16.1% to the average closing price of HK\$0.2154 per Share as quoted on the Stock Exchange for the last five trading days immediately before the date of the CB Placing Agreement. The Conversion Price were determined after arm’s length negotiations between the Company and the CB Placing Agent after considering the then market sentiment, and the market prices and performance of the Shares, and the Group’s financial position. In case of full conversion of the convertible bonds, 84,000,000 new Shares of aggregate nominal value of HK\$21,000,000 will be issued and allotted.

None of the Net Proceeds from the CB Placing were utilised as of 30 September 2022. The Net Proceeds of from the CB Placing are expected to be fully utilised on or before 30 September 2023.

None of the convertible bonds were converted as of 30 September 2022.

The Group had margin payables and overdrafts totalling approximately HK\$22.0 million as at 30 September 2022 which bear interest rates ranged from 8% to 16.0% (2021: 8% to 8.25%) per annum. The margin payables and overdrafts 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 subsidiaries. In view of such immaterial amount of the margin payables and overdrafts in Hong Kong Dollars as compared to the Group’s listed stocks of approximately HK\$242.2 million as at 30 September 2022, the Company considers the currency and interest rate risks exposure of its debt and obligation are manageable.

## 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.

	Fair value/ Carrying value of significant investments as at 30 September 2022 <i>HK\$' million</i>	Percentage of fair value/ carrying value of significant investments to total assets as at 30 September 2022	Realised gain/ (loss) recognised during the year ended 30 September 2022 <i>HK\$' million</i>	Unrealised gain/ (loss) recognised during the year ended 30 September 2022 <i>HK\$' million</i>	Bond coupons received during the year ended 30 September 2022 <i>HK\$' million</i>
Equity investment in					
WLS Holdings Limited	59.0	11.5%	(0.1)	28.5	N/A
Bonds investment in					
Gold Medal Hong Kong Limited	45.5	8.9%	–	–	5.1
Bonds investment in					
Hao Wen Holdings Limited	33.9	6.6%	–	–	4.7
Bonds investment in					
AMCO United Holding Limited	26.4	5.2%	–	–	3.8

### Equity Investment – WLS Holdings Limited (“WLS”) (stock code: 8021)

The Group held approximately 649.0 million shares of WLS with market value of approximately HK\$59.0 million as at 30 September 2022.

WLS is a company incorporated in Cayman Islands with limit liability. 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 2022, the audited consolidated loss attributable to owners of WLS was approximately HK\$12.0 million, and the unaudited net loss attributable to owners of WLS of approximately 21.2 million was recorded in the six months ended 31 October 2022.

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 of profit will be generated in medium to long terms.

### **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, 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 2022, its net asset value was approximately HK\$480.0 million, and its current assets and total liabilities as at 31 October 2022 were approximately HK\$540.6 million and HK\$204.5 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.

### **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 2022, its net asset value was approximately RMB314.5 million, its current assets were approximately RMB288.7 million and total liabilities were approximately RMB88.6 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 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 2022, its net asset value was approximately HK\$93.9 million, its current assets were approximately HK\$151.9 million and total liabilities were approximately HK\$80.5 million. Included in current assets of approximately HK\$151.9 million were substantially assets liquid in nature, which were cash and cash equivalents of approximately HK\$1.3 million, listed stocks investments of approximately HK\$28.3 million, trade receivables of approximately HK\$2.6 million and loan receivables of approximately HK\$114.4 million, totalling HK\$146.6 million. These liquid assets can fully cover AMCO’s total liabilities of approximately HK\$80.5 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.

### **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 2022, the Group had no material commitment.

### **Contingent Liabilities**

As at 30 September 2022, the Group had no material contingent liabilities.

### **Charge of Assets**

As at 30 September 2022, the Group had pledged listed stocks of approximately HK\$97.7 million to secure the margin payables.

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

In Year 2022, the global investment market extended the difficult time of prior years. The launch of vaccines cannot completely stop the spread of COVID-19. Omicron variant has appeared in China, which is one of the lowest spreading countries, in the fiscal year 2021/22. The performance of most stocks listed on the Stock Exchange of Hong Kong Limited was affected accordingly. Hang Seng index dropped from 24,575 points as at 30 September 2021 to 17,223 points as at 30 September 2022, and further to the recent lowest of 14,687 points as at 31 October 2022.

In such pessimistic market atmosphere, the Group's listed securities performed unsatisfactorily. The performance of the Group's listed investments turnaround from profit of approximately HK\$53.4 million in the year ended 30 September 2021 to loss of approximately 40.9 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 two bonds in total. One of them was issued by AMCO United Holding Limited, which is listed on Main Board of the Stock Exchange, with bond size of HK\$30 million and coupons of 10.5%. Another one was issued by SEEC Media Group Limited which is listed on Main Board of the Stock Exchange, with bond size of HK\$20 million and coupons of 6%. In addition, the Group disposed of the bonds issued by Profit Big Enterprises Limited at a consideration of HK\$18 million during the Year. Gain on the disposal of approximately HK\$0.2 million was recorded.

The total carrying amounts of the bonds held by the Group reported in the financial statements of this announcement decreased from HK\$186.5 million as at 30 September 2021 to HK\$154.9 million as at 30 September 2022. The decrease in the value of bonds held by the Group is principally due to the prudent approach adopted on the valuation of the Group's bonds investment as mentioned in "Financial Review" in this announcement. Aggregate bonds interest income of approximately HK\$20.6 million were recognised during the Year.

There is no major important event affecting the Group which occurred since the end of the year ended 30 September 2022.

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 coming 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 (which has been re-numbered as CG Code provision C.2.1 under the new Corporate Governance Code that came to effect on 1 January 2022) 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.

## **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 2021/22, the Audit Committee held three meetings. At the meetings, it reviewed the final results and accounts for the year ended 30 September 2022, and the interim results and accounts for the six months ended 31 March 2022 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 and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 30 September 2022 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, 30 December 2022

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.*